

COMMONWEALTH OF VIRGINIA



Virginia Enterprise Applications Program

FM05 Accounts Receivable

Modified Financial Management (FM) and Performance Budgeting (PB) Future State Business Process Best Practice Environment Definition Document

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1. Introduction

This Deliverable documents the collection, analysis, and definition of the high level business process functions and functional requirements of the *Financial Management – Accounts Receivable* business area within the Virginia Enterprise Application Program (VEAP). This Deliverable focuses on the business processes and functional requirements identified by the VEAP to satisfy the needs of the Commonwealth's stakeholders and the target users. This document includes the purpose, scope, business reengineering opportunities, process threads, requirements, definitions, and references of this future state environment definition. The Future State Environment Definition Documents provide a critical foundation for the Financial Management and Performance Budgeting solutions as they are the basis for the fit-gap analysis as well as implementation activities including software design and configuration, testing, procedures documentation, training, business process reengineering, and organization design.

1.1 VEAP Background

The Virginia Enterprise Applications Program (VEAP) Vision

- ***Provide the Commonwealth with best practice business processes supported by a suite of commercial-off-the-shelf (COTS) enterprise solutions – consistent with Virginia's position as a Best Managed state and a financial and technology leader.***
- ***Transform administrative operations by consolidating and modernizing the service delivery models and supporting applications for the Commonwealth's Financial Management, Human Resources Management, Administrative Management, and Supply Chain Management resulting in superior resource management and improved performance.***

Through the Commonwealth's Public Private Educational Facilities and Infrastructure Act (PPEA) of 2002, which brings private sector innovation and investment to state government projects, the Commonwealth has undertaken an initiative to identify areas of the Commonwealth's operations that could be significantly improved by undertaking an enterprise-wide reengineering and resolutioning of business processes common across the Executive Branch of government. The Virginia Enterprise Application Program (VEAP) is one such effort, as part of the initiative, undertaken by the Commonwealth.

The VEAP is a seven year program to consolidate and modernize the business processes and enterprise applications of the Commonwealth of Virginia (COVA). The initiative will enhance efficiency, increase productivity, and provide more effective delivery of services. The Program's scope includes Financial Management; Human Resources Management; Administrative Management; and Supply Chain Management. It is important to remember that VEAP is not just a project to replace old systems with newer technology. The Program also is intended to focus on opportunities to reengineer business practices and to achieve efficiencies whenever possible.

The implementation will be accomplished over a multi-year period and will be managed through phased rollouts. Phase I of the VEAP will result in an integrated, fully-functional Financial Management and Performance Budgeting solution and related business processes. The targeted implementation dates are June 2008 for Performance Budgeting and June 2009 for Financial Management.

Many Commonwealth agencies conduct their business processes - such as accounting, payroll, budgeting, personnel management, and travel - through repetitive systems, leading to inefficiencies, excessive manual input, and duplication. For example, only eleven percent (11%) of financial transactions made by COVA agencies originates in the Commonwealth's central accounting system, with many agencies using systems that they have acquired or developed in-house over time to suit their specific needs. This has led to fractured processes, multiple systems, time-consuming reconciliation of data, and reduced central oversight. Many of these systems are old, obsolete, and inflexible and have too few staff in both the public and private sectors with the know-how to operate and service them. This limited knowledge base presents a risk to the Commonwealth's administrative operations.

1.2 VEAP Phase I Scope

During Phase I, the Commonwealth Accounting and Reporting System (CARS) and the budget development (PROBUD) system will be replaced and a new statewide Chart of Accounts will be implemented.

The agencies that will be affected by the Phase I implementation are:

- all agencies that currently utilize CARS as their primary accounting system (enter information on-line to CARS) will use the new solution, and
- agencies that currently interface data to CARS will interface to the new solution.

The agencies that will be affected by implementation of the Performance Budgeting solution are:

- all agencies that currently use PROBUD.

Four additional agency legacy financial management systems will be replaced as part of Phase I (Department of General Services, Virginia Employment Commission, Virginia Information Technologies Agency and Virginia Department of Transportation). All other Executive branch, non-higher education agencies that have their own legacy financial management system will be implemented in a future phase of the VEAP.

The Phase I Planning activity is the process of completing the general design and implementation plan for these two solutions. As stated previously, Phase I of VEAP includes Enterprise Financial Management and Performance Budgeting solutions. Future State Environment Definition Documents have been drafted for each of the following business areas:

- General Accounting,
- Cost Accounting,
- Fixed Assets,
- Accounts Payable,
- Accounts Receivable,
- Purchasing, and
- Performance Budgeting, and
- Time and Attendance, Labor Distribution, and Leave Accounting.

The following agencies were invited to participate in the Workshop Session reviews of the *Future State Environment Definition Document – Financial Management – Accounts Receivable* to corroborate and provide input to the proposed business process threads:

- Department of Corrections/Central Administration (DOC/CA),
- Department of Emergency Management (DEM),
- Department of Forestry (DOF),
- Department of General Services (DGS),
- Department of Health Professions (DHP),
- Department of Historic Resources (DHR),
- Department of Human Resource Management (DHRM),
- Department of Military Affairs (DMA),
- Department of Treasury (TRS),
- Office of the Attorney General (OAG),
- Office of the Attorney General – Division of Debt Collection (DDC),
- Virginia Employment Commission (VEC),
- Virginia Information Technology Agency (VITA),
- Virginia Worker's Compensation Commission (VWC)
- Department of Accounts (DOA), and
- Virginia Department of Transportation (VDOT).

1.3 Future State Business Process / Best Practice Environment Definition Documents

Completing the Future State Business Process / Best Practice Environment Definition Documents is one of the primary tasks of Phase I Planning. Defining the Future State means addressing and analyzing the best practice business processes, change impacts, organizational design, and functional requirements for each business area. During this effort, CGI and the Commonwealth of Virginia (COVA) will:

- analyze current business processes – review and update business process descriptions documented in the Draft Financial Management (FM) and Performance Budgeting (PB) Future State Business Process / Best Practice Environment Definition Documents,
- identify business process reengineering opportunities,
- define the Future State Environment – document how business processes should be executed with the new enterprise solution, using best practice in conjunction with Commonwealth specific requirements,
- identify any organizational impacts that should be considered with the new enterprise solution,
- validate the functional requirements documented in the Draft Financial Management (FM) and Performance Budgeting (PB) Future State Business Process / Best Practice Environment Definition Documents,
- add necessary requirements,
- remove unnecessary requirements,
- prioritize requirements by business impact,
- identify the organizational impact of the requirements (enterprise-wide vs. agency-specific),,and
- finalize the list of functional requirements.

The Final FM & PB Future State Business Process / Best Practice Environment Definition Documents will be used to drive the Fit/Gap Analysis, create several sections of the Final General Design and Implementation Plan deliverable, and develop cost estimates. The document will also be used in subsequent phases of VEAP such as during detailed design and testing. For example, the functional requirements will eventually be further divided into detailed system/technical requirements and used to create test cases/scripts; the defined process threads will drive the execution of business process reengineering efforts during implementation and support the development of training materials.

1.4 Purpose

The Future State Environment Definition Document describes the needs, stakeholders, legal and process reforms, process threads, and functional requirements that should be available in a *Financial Management – Accounts Receivable* business process solution. This document identifies the activities associated with the *Financial Management – Accounts Receivable* business process threads for the Commonwealth, as well as the stakeholders and users associated with such processes. In addition, this document describes high level business processes along with the functional requirements associated with these business processes. All functional requirements are marked with a priority of (1) Mandatory, (2) Desirable or (3) Optional and are identified as Enterprise or agency-specific where necessary.

1.5 Scope

This particular future state environment document defines the *Accounts Receivable* process threads associated with the following business processes:

- Customer Data Management,
- Create Receivables,
- Billing,
- Manage Receivables,
- Collections, and
- Funds Receipts.

1.6 Document Outline

The remainder of the document contains the following sections:

Section 2 – Positioning. This section briefly describes the business problems inherent in the current environment and the opportunities for implementation of the Enterprise Resource Planning (ERP) solution.

Section 3 – Stakeholder and User Descriptions. This section identifies the Commonwealth and outside organizations that have a significant stake in the process and the success of the project. The on-going roles and responsibilities are described for the Stakeholders and Users along with their organizations.

Section 4 – Key Product Requirements. This section introduces the future state environment by identifying the three to six overarching business concepts that will be provided by the ERP solution to address major weaknesses in the current environment.

Section 5 – Process Thread Summary. This section documents the specific characteristics of the future state environment. The major business processes are defined within each business area, the key steps in each process, and the specific system capabilities required to support the function in a manner that permits the Commonwealth to meet mandates in an efficient manner.

Section 6 – Process Thread Detail Description. This section describes how each business process thread defined in the previous section is performed in the ERP solution. Each process is described in flowchart and tabular format and each process detail step is numbered sequentially within each process thread.

Section 7 – Product Requirements. The product requirements are contained in Appendix A and define the specific features and capabilities that the ERP solution must provide in order to support the defined future state environment and achieve the described benefits. These requirements describe what the system needs to do, but not how it must be done.

Section 8 – Data Flow Details. This section details the flows of data both in and out of the business process. The graphics contained in this section identify the impacts to existing systems and processes as they relate to each agency in the Commonwealth.

Section 9 – References. This section contains the sources of information used as references to the business process. The terms used in the document along with the definitions of those terms are also included in this section.

2. Positioning

This section of the Future State Environment Definition Document describes the overall business opportunity for the *Financial Management – Accounts Receivable (AR)* business process. In addition, this section describes some of the high level changes that need to occur, states the current problems in the existing environment, and identifies the potential benefits that could be achieved through the ERP solution.

2.1 Business Opportunity

The Virginia Enterprise Application Program (VEAP) Team strongly believes that a comprehensive solution to the Commonwealth's business concerns involves much more than simply installing new technology. Rather, a complete solution is the integration of technology, process, people, and approach in a manner that recognizes the unique aspects of the current situation and the future. The solution we envision for VEAP in the area of financial and operational accounting considers all these elements.

The Commonwealth currently relies on numerous systems, applications, and processes to support the *Financial Management – Accounts Receivable* business process. The recommended ERP solution would include three elements:

- a modern, public sector-oriented, integrated Financial System as the core of the new architecture,
- a service delivery organizational structure that recognizes the wide range of differences among the various Commonwealth agencies and provides the flexibility for each agency to execute business processes in the manner and with a staffing structure that best meets its needs, and
- a phased implementation approach that gives the Commonwealth the opportunity to carefully control costs and risks, and to make implementation and rollout decisions based upon both project performance and other future conditions.

At a minimum, this commercially available application would replace the Commonwealth Accounting and Reporting System (CARS) and a significant percentage of the function-specific modules that have been developed by many agencies to address CARS deficiencies.

2.1.1 Systems

Agencies have invested in a variety of applications to bill, track and manage receivables. These applications range from sophisticated agency-level systems to locally maintained spreadsheets and small databases. Systems may be custom coded or commercial software applications.

Agencies may have multiple applications for creating and billing different types of receivables. These applications are referred to as legacy billing systems in this document. Many of these systems utilize complex calculations or require input from multiple internal or external systems. Accounts receivable legacy billing systems may or may not interface to agency maintained financial management systems. Receivables are managed out of a combination of AR legacy billing systems and/or the agency maintained financial systems. In addition, CARS does not maintain accounts receivable information for the Commonwealth. A system does not exist for statewide consolidation of receivable data.

Many of the receivable management systems within the Commonwealth are obsolete or do not interface efficiently with other systems. In some cases, agencies are even relying upon old unsupported applications and database releases. Phase 1 will not replace all AR legacy billing systems.

Examples of the many applications used throughout the Commonwealth include:

- FMS II (VDOT),
- IRMS (TAX),
- QuickBooks (DHR),
- LIMS (VDACS),
- TPLRS (DMAS),
- PeopleSoft (VITA, DGS),
- eVA (DGS),
- VABS (VEC),
- TELCO (VITA),
- VAACS (TD),
- License (DHP), and
- NIMS (DOF).

2.1.2 Current State

Exhibit 2.1.2.1 – FM05 Accounts Receivable – Current State Environment

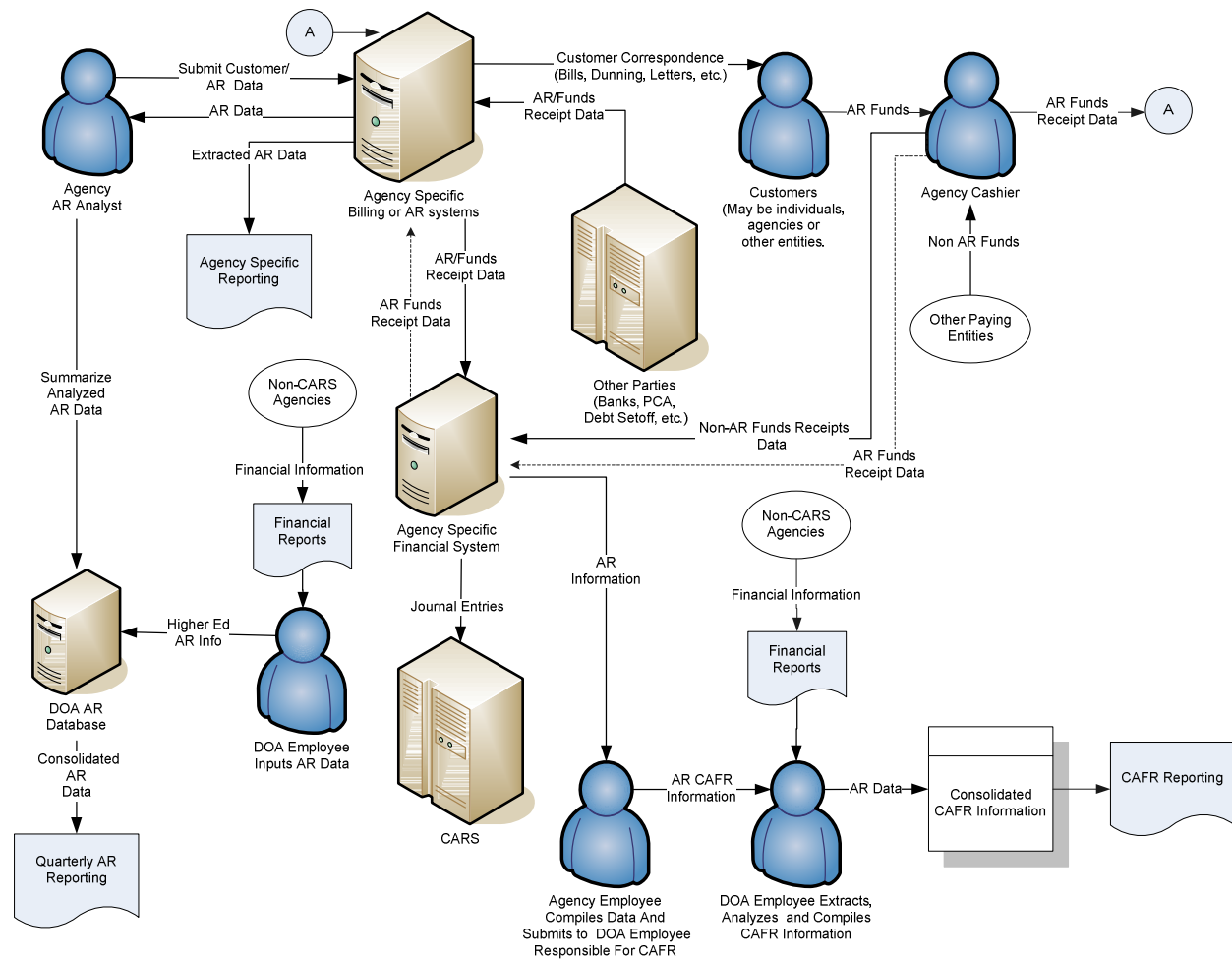


Exhibit 2.1.2.1 illustrates the accounts receivable current state environment.

Receivables incur from fees charged for government services or for the use of government goods and resources (e.g. State Parks). Management of accounts receivable includes customer data management, receivable creation and maintenance, receiving funds and posting receipts to accounts. Delinquent accounts are managed through a collection process. Steps within the collection process include dunning, skip-tracing, referral for Debt Offset, referral to the Office of the Attorney General, and referral to private collection agencies.

A due diligence survey was performed by interviewing various agencies on their current processes and identifying areas for improvement. During due diligence, each agency expressed concerns about staffing levels and the performance of collection activity. Some agencies were especially vocal about the need for more staff to perform audits and collections. Based on due diligence findings, agencies considered to have an active collections process have anywhere from 12 to 50 FTEs to perform all activities associated with collections. Some agencies have field personnel dispersed statewide to conduct collection activities.

All AR activities are reported to the Commonwealth's Department of Accounts for producing statewide reports including quarterly AR reporting and the Comprehensive Annual Financial Report (CAFR). Since no system exists with consolidated statewide receivable information, data is gathered through web tools, spreadsheets, and other manual processes. Data goes through manual calculations for producing required reports.

In the current environment, AR activities or AR systems have basically the same purpose – to collect debt owed to the Commonwealth. All systems do not perform the same activities and all activities do not follow the procedures. Many processes are manually intensive and in numerous situations there is duplication of data entry and resources to accomplish all state required accounting and reporting. Inconsistencies in reporting standards make comparing methodologies and evaluating effectiveness a complex process.

2.1.3 Future State

Exhibit 2.1.3.1 – FM05 Accounts Receivable – Future State Environment

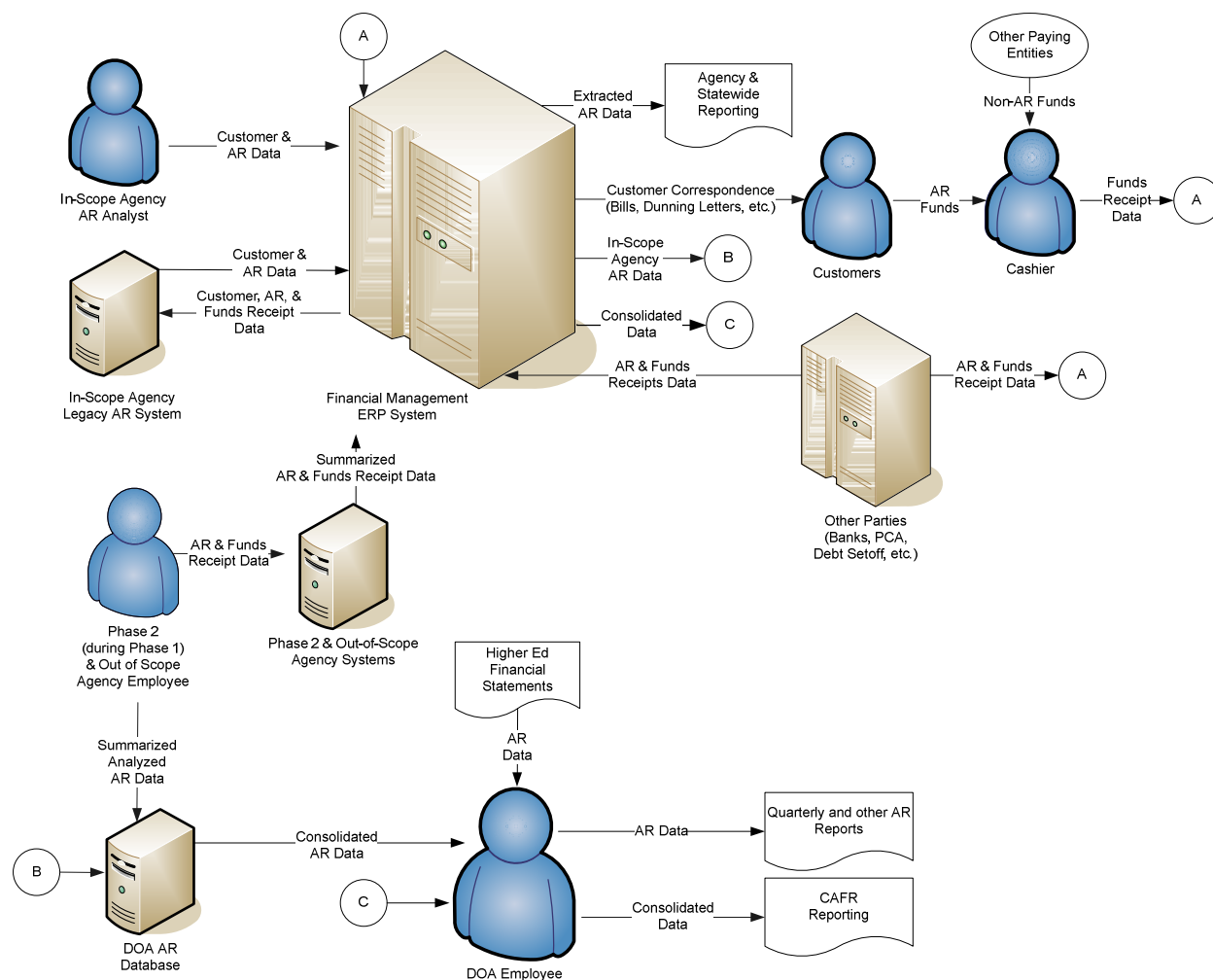


Exhibit 2.1.3.2 – FM05 Accounts Receivable – Future Collections Environment

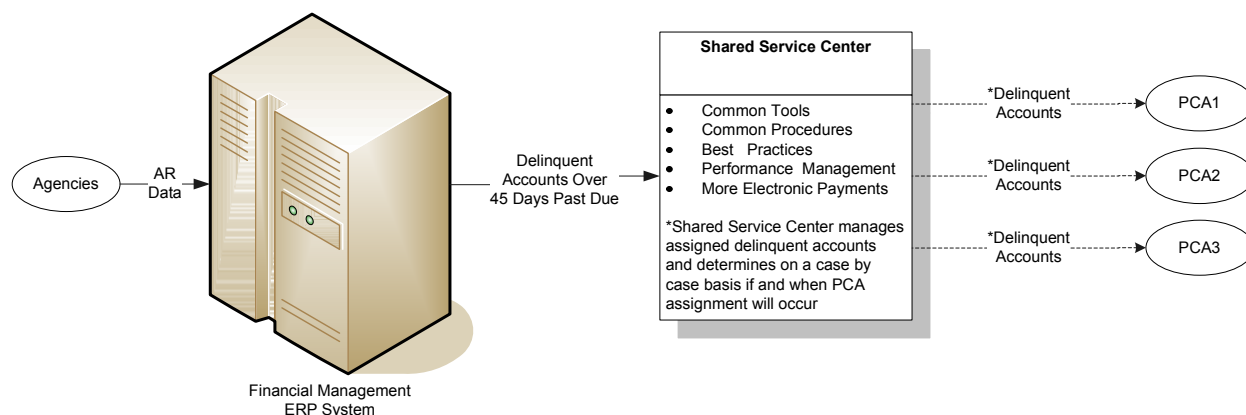


Exhibit 2.1.3.1 illustrates the accounts receivable future state environment. The future environment specific to the collections process is depicted in exhibit 2.1.3.2.

Financial Management – Accounts Receivable is part of the new ERP's Financial Management system. At the heart of this solution is an integrated financial system with an Accounts Receivable module that encompasses customer maintenance, creating receivables, billing, managing receivables, and collections. This process also encompasses functions for managing deposits and receipts for funds received.

This solution will provide agencies with a central system and standard policies for the management of accounts receivable and funds receipt. Additionally, standard reporting tools will be used to extract and consolidate data for statewide reporting such as Quarterly AR reporting and CAFR as well as to accomplish management reporting within the individual agencies. Automation is included to standardize information transfer for processes such as Debt Setoff, private collection agencies (PCA), and the Office of Attorney General (OAG). Elimination of redundant data entry and manual activities is included in this future environment.

The financial management system is part of a program to create a statewide ERP system. This integrated system which includes accounts receivable will be implemented in phases. This first phase includes the replacement of CARS and the financial management systems of VDOT, DGS, VITA, VEC, DOA, and DPB.

Overall, there is a need to create a standardized and evolving process, which continually identifies best practices, techniques, and tools. Through this action the Commonwealth will develop a more efficient and effective approach, the secondary effect of which will be more productive information sharing. The future Commonwealth environment includes:

- robust AR system,
- improved system integration,
- updated hardware,
- improved reporting and tracking capability,
- repositioning of staff,
- increased training, and
- use of a shared service center concept for collections, bill printing, bill mailing, and funds receipt.

In addition to the above agencies, all agencies that use CARS as their primary financial system will be converted to the new ERP's financial management applications during Phase 1. Expectations for these agencies with the use of the new ERP financial management – accounts receivables process include:

- system receipt of receivable information from legacy billing system interfaces or direct entry at a detail level,
- automated collection activities such as dunning, debt setoff, OAG referral, and PCA referral,
- automated assistance with receivable maintenance such as identification of potential write-off accounts,
- elimination of agency manual reporting of receivable quarterly and CAFR information, plus
- more effective and efficient funds receipt processing.

The above should result in consolidation of each agency's AR data, one system of record, less duplication of data, and standardized processes.

As stated in the Commonwealth Accounting Policies and Procedures Manual (CAPP), Section 20505 Accounts Receivable, a Commonwealth receivable system should:

- Bill accounts timely, whether the receivables are due from private entities, the federal government, localities, or state agencies and institutions. Accounts should be billed when goods are provided or services rendered, unless contractual requirements specify other billing terms or billing terms used are in accordance with industry standards. Payment terms should be thirty days after billing unless contractual requirements specify otherwise or payment terms used are in accordance with industry standards,
- Maintain an accurate record of receivables transactions,
- Maintain a control record that summarizes the receivables transactions,
- Effectively interface with other applicable agency-based accounting systems, for example, an agency-based general ledger system,
- Provide an aged trial balance of receivables. DOA requires that the following aging categories be used for Statewide reporting: 1-30 days, 31-60 days, 61-90 days, 91-120 days, 121-180 days, 181 days – 1 year, and over 1 year,
- Provide information relative to specific collection efforts on each past-due account
- Provide realistic estimates of, and properly account for, doubtful accounts and provide adequate documentation of the methodology used (e.g., allowance method, direct write-off method, etc.) to estimate doubtful accounts,
- Provide management reports on the collection status of past-due accounts,
- Properly account for receivables that are written off,
- Recognize and report receivables in accordance with generally accepted accounting principles (GAAP) as required,
- Comply with federal and other contractual regulations regarding the accounting, reporting, and managing of receivables,
- Maintain a record of year-end receivable balances, and
- Provide for the accrual of interest and penalties as allowed or as required by law.

As it relates to collections “the overall policy of the Commonwealth is to take all appropriate and cost effective actions to aggressively collect accounts receivable. The objective of the statewide receivables program is to improve the management over and accounting for accounts receivable owed to the Commonwealth's agencies and institutions.” (CAPP Manual, Section 20505 Accounts Receivable)

Based on the above policy, the Attorney General’s collection procedures state:

“Internal collection procedures should be developed by each agency in accordance with the guidelines of the Department of Accounts. Agencies have 60 days from the account’s due date in which to pursue all internal collection procedures.”

The future state process environment will satisfy these CAPP manual requirements. Our proposed solution includes the creation of a Shared Service Center (SSC) and stronger Private Collection Agency (PCA) management to adhere to Commonwealth requirements. Due Diligence indicated that many of these actions are not currently being performed by a sizeable number of Commonwealth agencies.

The concept of a share service center is to consolidate collection activities under one umbrella. Actions the Shared Service Center will take to administer Commonwealth debt and generate increased revenue are listed as follows:

- skip-tracing,
- scoring for next actions,
- notices,
- telephone calls,
- immediate accounting updates,
- reconciliations,
- managing non-sufficient funds (NSF) checks,
- bankruptcies, and
- PCA management.

The proposed collections guidelines for delinquent account submissions for collections are as follows:

Age of Accounts	Action
Department of Taxation	
1-90 days past due	Agency makes an initial attempt to collect on outstanding debt.
91+ days past due	Agency sends debt to Service Center for further collection efforts and overall portfolio management.
Other In-Scope-Agencies	
1-45 days past due	Agency makes an initial attempt through ERP business process to collect on outstanding debt based on DOA guidelines.
45+ days past due	Agency sends debt to Service Center for further collection efforts and overall portfolio management.

This proposed environment will utilize state-of-the-art techniques and tools, creating efficiencies in tracking, reporting, and debt collection. This approach creates a consistent application of debt collection policy and a common method for handling the collection process. These benefits will result in a higher rate of collection and a more uniform treatment of debtors to the Commonwealth.

Within the future environment, information will flow back and forth between the various state agencies and the entities collecting debts for the Commonwealth. State agencies include Taxation and the Office of Attorney General. Examples of entities include private collection agencies and shared service centers.

Agencies not included in Phase 1 fall into 3 classifications – Phase 2, Out-of-Scope, and Higher Education. Phase 2 covers agencies that currently interface their financial data to CARS excluding the 6 agencies listed previously. Out-of-Scope agencies refer to independent agencies/commissions such as State Corporation Commission. Higher Education is all college and universities that are not using CARS as their primary financial system today.

By use of the new ERP, Phase 1 agencies will generate transactions for GL at the cash, modified accrual and full accrual levels. This will provide DOA with AR data needed for quarterly reporting and the CAFR. Phase 2 and out-of-scope agencies will provide GL journal entries for modified accrual and full accrual along with the currently required cash entries. Higher education will continue to provide financial statements as they do today.

When Phase 2 agencies come into the ERP, AR data will be interfaced or entered at the same detail level as the Phase 1 agencies. Having Phase 1 and Phase 2 detail AR data in the ERP will provide the ability to further the benefits gained from the implementation of Phase 1 agencies. AR data for out-of-scope and higher education agencies will not be addressed during the first two phases.

2.1.4 Improvement Opportunities

The implementation of the new ERP system along with new and modified policies and procedures will provide a number of benefits and improvements to financial management processes within the Commonwealth of Virginia. In the future, accounts receivable will be an integral part of the overall Commonwealth's financial management system as receivables will be recorded in the general ledger on a cash, modified accrual and full accrual basis.

The accounts receivable process will move from disconnected functions within individual agencies and across agencies to a common way of doing business. Consistencies will be achieved in accounts receivable areas such as customer data management, receivable creation, billing, managing receivables, collections and funds receipt.

Some of the overall improvements that will be achieved with the new ERP system are:

- elimination of redundant data entry and reconciliation,
- automated workflow capabilities,
- reduced risk associated with dated system applications and the aging workforce most familiar with them,
- a web-based, intuitive user interface,
- more efficient customer service to the citizens of the Commonwealth of Virginia,
- integrated and powerful reporting capabilities including management reporting tools, decision analytics, and management performance dashboards, as well as a variety of standard reports, inquiries, and tools, and
- comprehensive security and internal controls.

Some AR specific improvements that will be achieved with the new ERP system are:

- consistent application of DOA policies and procedures,
- new policies to address areas not currently covered,
- automation of interactions with OAG, Debt Setoff, and PCA,
- a common customer across state agencies within the ERP system – consolidated look at debts owed by a customer,
- improved InterAgency Transfer (IAT) payment process,
- consistent reporting capabilities and methodologies across agencies to meet DOA requirements,
- additional automation of billing functions,
- common set of activities occurring on past due debts, and
- implementation of business rules to achieve automated application of funds receipt.

2.2 Problem Statement

The problem/solution statements below identify the overall problems that are apparent for the current environment related to the *Financial Management – Accounts Receivable* business process.

Problem	Effect	Impact	Solution	Benefit
1. Accounts receivable and collection procedures differ among agencies.	<ul style="list-style-type: none"> Problem results in a lack of consistent application of accounts receivable and collection policies. 	<ul style="list-style-type: none"> A significant amount of owed revenue to remains uncollected. Non-uniformity exists in treatment of debtors across agencies. 	<ul style="list-style-type: none"> Create a standardized and evolving accounts receivable and delinquent account collection process, which continually identifies best practices, techniques, and tools. Centralize training on policies and procedures plus system application. 	<ul style="list-style-type: none"> Efficient and effective approach to accounts receivable, collections and funds receipts management Uniform treatment of debtors Increased compliance with policies across agencies

Problem	Effect	Impact	Solution	Benefit
2. Receivable management systems within the Commonwealth are obsolete or do not interface efficiently with other systems. No enterprise system is available to manage AR and collections.	<ul style="list-style-type: none"> Utilization of varying sources for collection and skip-tracing are utilized. No identification and sharing of customer information, best practices, techniques, and tools are available. 	<ul style="list-style-type: none"> Non-uniformity exists in application of policy and procedures. Significant amount of owed revenue remains uncollected. Accurate reporting utilizes extensive staff resources. Lack of reliable statewide data to support customer management and cash management decisions. 	<ul style="list-style-type: none"> Implement a modern, integrated financial system with billing, accounts receivable, funds receipt, and reporting capabilities. Establish a Shared Service Center to manage the accounts receivable portfolio. 	<ul style="list-style-type: none"> Better information captured and maintained Improved analysis and forecasting Increased accountability Reduced manual effort by eliminating paper forms Uniform treatment of debtors Improved performance of collection activities Increased revenue collections Enhanced customer service Reduced investment in legacy systems

Problem	Effect	Impact	Solution	Benefit
3. Commonwealth agencies are experiencing a shortage in AR/collections staffing.	<ul style="list-style-type: none"> • Caseloads and administrative expectations outweigh the human capital resources currently available. 	<ul style="list-style-type: none"> • Inefficiencies occur in accounts receivable management to include differing applications of accounts receivables policies and procedures. • A significant amount of funds remain uncollected. 	<ul style="list-style-type: none"> • Automate billing, collection, and fund receipts processes. • Centralize the process for printing and distribution of documents sent to customers. • Use self mailer document types. • Provide detail for billing only upon customer request (policy change). • Create tolerance amounts for automatic write-offs (policy change). • Institute a Shared Service Center. 	<ul style="list-style-type: none"> • Improved use of staff resources • Improved collection performance • Increased collection of revenues • Reduced need for additional staffing • Improved and faster business processes
4. Lack of current customer information (addresses, employment, assets, and other attributes), as well as, duplicate customer records across agencies is an issue in the current environment.	<ul style="list-style-type: none"> • Erroneous data is sometimes stored in individual agency records. 	<ul style="list-style-type: none"> • Potential for bad debts is increased. • Returned Mail volumes are unacceptable. • Customer profiles are incomplete. • Customer service is inadequate. 	<ul style="list-style-type: none"> • Create a common customer database with sharing of information between agencies. 	<ul style="list-style-type: none"> • More timely location of debtors • Enhanced customer service • Better information for better decisions • Improved communication across agencies • Reduced bad debts

Problem	Effect	Impact	Solution	Benefit
5. There are inconsistencies in the applications of interest and late fees on past due debts.	<ul style="list-style-type: none"> • Policies and procedures differ across the Commonwealth. 	<ul style="list-style-type: none"> • Potential for bad debts is increased. • Uniformity in the treatment of debtors is diminished. 	<ul style="list-style-type: none"> • Automate application of interest and late fees by bill type/customer/etc. • Strengthen statutes of the Commonwealth. 	<ul style="list-style-type: none"> • Increase funds receipts • Standardized policy and procedures • More cost effective collections
6. All receivables (current and delinquent) are not consistently referred to credit bureaus.	<ul style="list-style-type: none"> • Lack of adherence to DOA policy. 	<ul style="list-style-type: none"> • Potential for bad debts is increased. • Uniformity in the treatment of debtors is diminished. 	<ul style="list-style-type: none"> • Automate sending of information to credit bureaus at regular intervals. 	<ul style="list-style-type: none"> • Increase funds receipts • Improved compliance with DOA policy
7. Customers have limited access to invoice and payment data.	<ul style="list-style-type: none"> • AR staff among agencies is different for customer interaction. • No single view is available of total receivables by customer. 	<ul style="list-style-type: none"> • Significant time and effort is not placed on responding to customer inquiries. • There is mostly telephone or paper based correspondence and inaccuracies are common. 	<ul style="list-style-type: none"> • Enable web based customer self-service. 	<ul style="list-style-type: none"> • Improved business relationships with customers • Faster and better business processes • Expedited funds receipts

3. Stakeholder and User Descriptions

To effectively provide products and services that meet the needs of stakeholders and users, it is necessary to identify and involve all of the stakeholders as part of the ‘future state environment’ for *Financial Management – Accounts Receivable* business process. This section provides a profile of the stakeholders and users involved in the project and the key problems that they perceive to be addressed by the ERP solution.

3.1 Stakeholder and User Definition

A stakeholder is a party who affects, or can be affected by the Commonwealth’s actions in relation to the business process within the Financial Management and Performance Budgeting Processes. The stakeholder concept was developed and championed by R. Edward Freeman in the 1980’s. It has gained wide acceptance in business practice and in theorizing relating to strategic management, governance, and business purpose.

Users are widely characterized as the class of people that uses a system without complete technical expertise. However, users have understanding and knowledge of the business process in which the system is used to accomplish the execution of the business process.

3.2 User Summary

This section provides a list of the users involved in the project. This information will be used in the following section which describes the user profiles:

- In-Scope Agency Financial Management (FM) Staff,
- Office of the Attorney General (OAG),
- Department of Accounts (DOA),
- Debtor,
- Private Collection Agency (PCA),
- Department of the Treasury,
- Auditor of Public Accounts (APA),
- Third Party Collection and Deposit Organization, and
- Shared Service Center Staff.

3.3 User Profiles

Each unique user of the system is described in this section. User types can be as divergent as experts and novices. For example, an expert might need a sophisticated, flexible tool with cross-platform support, while a novice might need a tool that is intuitive based upon prescribed standards. No attempt is made in this section to distinguish between the different users' requirements.

3.3.1 In-Scope Agency Financial Management (FM) Staff

User Type Name	In-Scope Agency Financial Management (FM) Staff
Representative	Staff from any agency who manage financial activities.
Description	The Agency Financial Management Staff are the agency staff members involved in supporting accounts receivable activities.
Type	The Agency Financial Management Staff are users of the system.
Responsibilities	<ul style="list-style-type: none"> • Support accounts receivable activities • Support funds receipt activities • Provide customer service to agencies and employees • Perform audits and collections • Refer and monitor cases sent to OAG, Debt Setoff, and/or PCAs • Report receivables with aging, collection status and funding source to DOA quarterly and annually for CAFR reporting • Develop and implement policies and procedures that adhere to the collection policies and guidelines established by the Attorney General and the Comptroller • Managing InterAgency billing and receipts
Success Criteria	<ul style="list-style-type: none"> • System gathers all needed AR data and process receivable activities that will increase percentage of debt collected • System useable by trained staff • Standardized policies and procedures • Accounts receivable policies and processes are straightforward to implement, enforce, and monitor • Eliminate duplicate data entry and data storage • Standardized training and related materials • Ability to retire legacy financial management systems

Involvement	<ul style="list-style-type: none"> • Provide knowledge as needed in relation to business processes • Streamline agency specific accounts receivable policies, procedures and business processes • Participate in User Acceptance Testing
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3.3.2 Office of the Attorney General (OAG)

User Type Name	Office of the Attorney General (OAG)
Representative	Employees from the Office of the Attorney General, specifically those in the Division of Debt Collection.
Description	The Office of the Attorney General is the Commonwealth's law firm.
Type	The Office of the Attorney General is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Provide delinquent collection procedures for the Commonwealth • Work agency referred accounts receivable cases • Provide all legal services and advice related to the collection of accounts receivable • Adopt necessary policies and procedures pertaining to all accounts receivable legal matters and the litigation of past-due accounts receivable • Annually report those agencies and institutions that are not making satisfactory progress towards implementing the provisions of the Virginia Debt Collection Act
Success Criteria	<ul style="list-style-type: none"> • Availability of all needed AR data • Processes receivable activities to enhance OAG collection efforts • Streamlined accounts receivable policies and processes which are straightforward to implement, enforce, and monitor
Involvement	<ul style="list-style-type: none"> • Provide knowledge as needed in relation to business processes • Streamline agency specific accounts receivable policies, procedures and business processes • Participate in User Acceptance Testing

3.3.3 Department of Accounts (DOA)

User Type Name	Department of Accounts (DOA)
Representative	Employees from the Department of Accounts, specifically those in the General Accounting Unit, Financial Reporting, and the Comptroller.
Description	The Department of Accounts is the central financial accounting agency for the Commonwealth.
Type	The Department of Accounts administers, maintains, and is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Provide financial leadership for the Commonwealth and its workforce • Develop and administer policies and programs for the management of accounts receivable • Provide delinquent collection procedures for the Commonwealth • Prepare quarterly and annual reports (including CAFR information) of the Commonwealth's receivables • Monitor and analyze the receivables of agencies
Success Criteria	<ul style="list-style-type: none"> • The system will gather all needed AR data and process receivable activities that will increase percentage of debt collected • Accounts receivable policies and processes are straightforward to implement, enforce, and monitor • Eliminate duplicate data entry and data storage • Standardized training material • Central data collection • Improved quarterly and annual reporting • Ability to retire legacy financial management systems • Timely and accurate reporting

Involvement	<ul style="list-style-type: none"> • Provide knowledge as needed in relation to business processes • Streamline agency specific accounts receivable policies, procedures and business processes • Participate in User Acceptance Testing
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3.3.4 Debtor

User Type Name	Debtor
Representative	Individuals and entities that have debt owed to the Commonwealth.
Description	The Debtor is a source that owes money to the Commonwealth.
Type	The Debtor is a user of the system.
Responsibilities	Payment of receivables
Success Criteria	<ul style="list-style-type: none"> • Review receivable detail online through self-service tools • Understand bills received • Make electronic payments
Involvement	<ul style="list-style-type: none"> • No external debtor involvement • Internal debtor involvement included in In-Scope Financial Management Staff (3.3.1)

3.3.5 Private Collection Agency

User Type Name	Private Collection Agency (PCA)
Representative	Employees of Private Collection Agencies.
Description	The Private Collection Agency is a third party organization that provides debt collections services.
Type	The PCA is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Process and collect on agency referred collection cases • Provide information back to the Commonwealth on status and collection activities
Success Criteria	<ul style="list-style-type: none"> • Exchange customer and receivable collection data with the Commonwealth • Collect debt and reduce overall write-off of uncollectible debt
Involvement	<ul style="list-style-type: none"> • Test data exchange

3.3.6 Department of the Treasury

User Type Name	Department of the Treasury
Representative	Employees from the Department of the Treasury, specifically those in the Division of Cash Management and Investments.
Description	The Department of the Treasury is the fiscal management and fiduciary oversight for the Commonwealth.
Type	The Department of the Treasury is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Develop, monitor, and control the Commonwealth's banking network and cash management services
Success Criteria	<ul style="list-style-type: none"> • Ability to reconcile deposit information with bank information
Involvement	<ul style="list-style-type: none"> • Provide knowledge as needed in relation to business processes • Streamline agency specific accounts receivable policies, procedures and business processes • Participate in User Acceptance Testing

3.3.7 Auditor of Public Accounts (APA)

User Type Name	Auditor of Public Accounts (APA)
Representative	Employees from the Auditor of Public Accounts.
Description	The Auditor of Public Accounts is the independent auditor serving the Commonwealth of Virginia.
Type	The Auditor of Public Accounts is an occasional user of the system.
Responsibilities	<ul style="list-style-type: none"> • Conduct audits of state agencies as well as the offices of local government • Develop and issue Audit and Special Reports, Comparative Cost Reports, and Quarterly Reports • Support Governmental Accounting Standards Board (GASB) 34 reporting
Success Criteria	<ul style="list-style-type: none"> • Adheres to the accounts receivable policies and procedures of the Commonwealth • Streamlined accounts receivable policies and processes are straightforward to implement, enforce, and monitor • System easily provides data for an audit
Involvement	<ul style="list-style-type: none"> • Independent review

3.3.8 Third Party Collection and Deposit Organization

User Type Name	Third Party Collection and Deposit Organization
Representative	Employees of Third Party Collection and Deposit Organization.
Description	The Third Party Collection and Deposit Organization is a third party individual or organization that collects and deposits receipts on behalf of the Commonwealth.
Type	The Third Party Collection and Deposit Organization is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Provide cash-management and deposit reporting services • Collect and receive funds or moneys from any source on behalf of Commonwealth agencies • Process the deposit of state receipts
Success Criteria	<ul style="list-style-type: none"> • Electronic data exchange with the Commonwealth • Ability to reconcile between the Commonwealth and the third party
Involvement	<ul style="list-style-type: none"> • Test data exchange

3.3.9 Shared Service Center Staff

User Type Name	Shared Service Center Staff
Representative	Employees of the Shared Service Center.
Description	The Shared Service Center Staff collects delinquent accounts for all entities of the Commonwealth.
Type	The Shared Service Center Staff is a user of the system.
Responsibilities	<ul style="list-style-type: none"> • Perform PCA management including monitoring of collections performance • Receive agency referred collection cases • Outsource cases to PCAs for collections activity • Perform collection activities on delinquent accounts
Success Criteria	<ul style="list-style-type: none"> • Adequate access and data availability to receive and collect on delinquent cases • Collect debt and reduce overall write-off of uncollectible debt
Involvement	<ul style="list-style-type: none"> • Test data exchange

3.4 Stakeholder Summary

The following section provides a list of the groups/parties which can either affect or can be affected by the Commonwealth's actions in relation to the business processes within Financial Management. The table that follows additionally provides information about the type of influence the stakeholder may have, their needs and expectations, success criteria, key challenges/issues/concerns associated with the stakeholder, as well as the risk of not addressing their needs/expectations, and the stakeholder's general interest in the VEAP.

3.5 Appendix B – Stakeholder Profiles

4. Key Product Requirements

While the detailed business and system requirements for the *Financial Management – Accounts Receivable* business process are contained within Appendix A, this section emphasizes several high level accounts receivable requirements.

Timely and Accurate Billing: Requirement to bill accounts in a timely manner, whether the receivables are due from private entities, the federal government, localities, or state agencies and institutions. Accounts should be billed when goods are provided or services rendered, unless contractual requirements specify other billing terms or billing terms used are in accordance with industry standards.

Maintain Accurate Receivable Records: Requirement to maintain an accurate record of receivable transactions and maintain a control record that summarizes the receivables transactions. The system should maintain a record of receivable balances.

Interface with other AR Systems: Requirement to effectively interface with other applicable agency-based accounts receivable systems, for example, an agency-based billing system such as VITA Telecommunication Billing System.

Doubtful and Write-Off Accounts: Requirement to provide realistic estimates of, and properly account for, doubtful accounts and provide adequate documentation of the methodology used (e.g., allowance method, direct write-off method, etc.) to estimate doubtful accounts and to properly account for receivables that are written off.

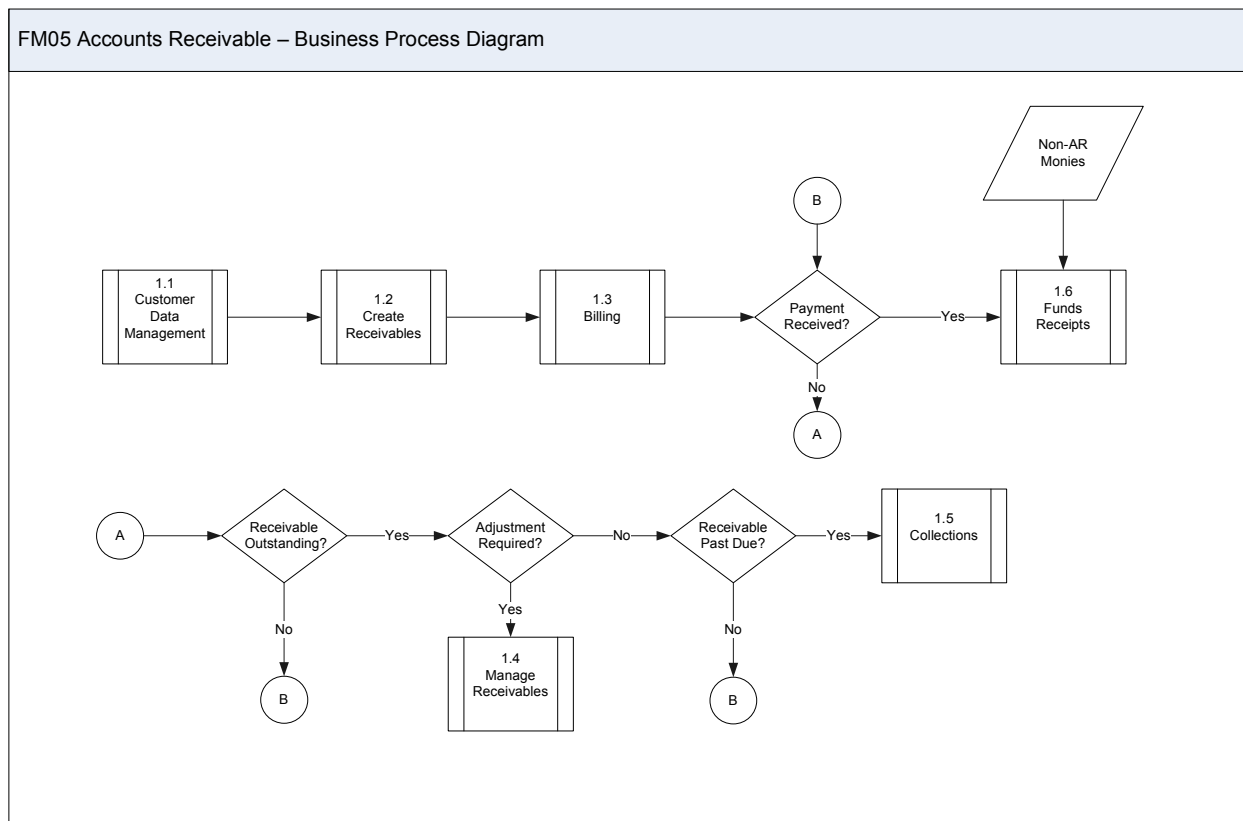
Collections Capabilities: Requirement to provide information relative to specific collection efforts on each past-due account and provide management reports on the collection status of past-due accounts.

GAAP, Federal and State Compliance: Requirement to ensure the system recognizes and reports receivables in accordance with generally accepted accounting principles (GAAP). Also, the system must comply with federal and other contractual regulations regarding the accounting, reporting, and managing of receivables. Compliance for the Commonwealth includes accounts receivable quarterly and CAFR reporting.

5. Process Thread Summary

This section lists the process threads related to *Financial Management – Accounts Receivable* business process. It provides a general description of the business process and list governing regulations and policy or procedures related to the *Financial Management – Accounts Receivable* business process.

Exhibit 5 – FM05 Accounts Receivable – Business Process Flow



Number	Business Thread Name	Description of Business Process Thread	Governing Regulations/Policy
FM05-1.1	Customer Data Management	Customer Data Management is the process of creating, maintaining, and archiving customer master records.	<ul style="list-style-type: none"> Government Data Collection and Dissemination Practices Act, Code of Virginia, Sections 2.2-3800 through 3809 Virginia Debt Collection Act, Code of Virginia, Sections 2.2-4807
FM05-1.2	Create Receivables	Create Receivables is the process of calculating the amounts owed by customers and storing along with the required attributes such as grant, project and/or agreement information and the recording of accounting transactions.	<ul style="list-style-type: none"> CAPP Manual Topics, 20505

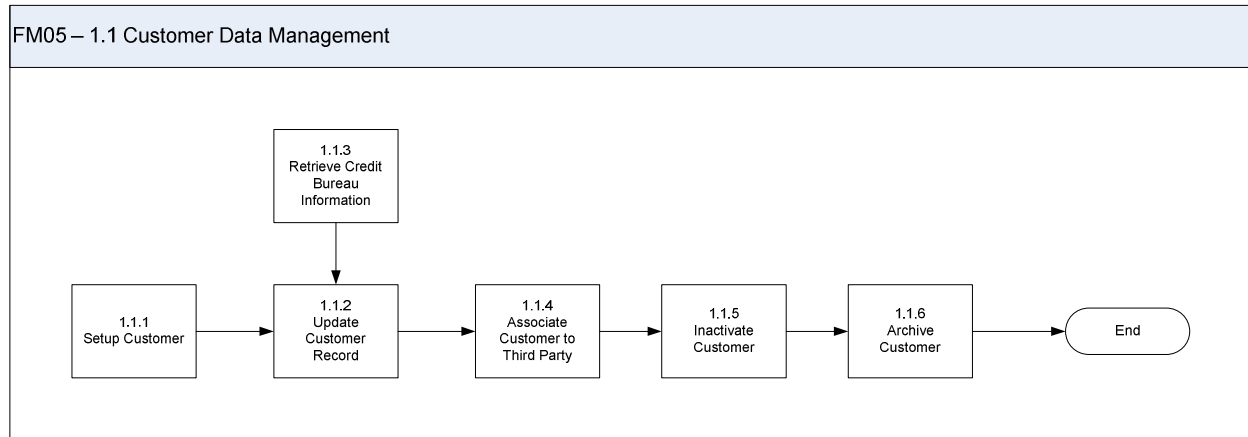
Number	Business Thread Name	Description of Business Process Thread	Governing Regulations/Policy
FM05-1.3	Billing	Billing is the process of generating bills and statements.	
FM05-1.4	Manage Receivables	Manage Receivables is the process of adjusting receivables including refunds, write-offs, debit/credit memos, and non-sufficient funds.	<ul style="list-style-type: none"> • CAPP Manual Topics, 20505
FM05-1.5	Collections	Collection is the process of using various practices or procedures to collect funds owed to the Commonwealth. Collection includes aging, dunning, skip tracing, referrals, and legal action.	<ul style="list-style-type: none"> • CAPP Manual Topics, 20505, Accounts Receivable • Office of the Attorney General, "Collection Procedures" • Virginia Debt Collection Act, Code of Virginia, Sections 2.2-4803, 2.2-4805, and 2.2-4806 • Comptroller's Debt Setoff (CDS) Program or Vendor Setoff Program • Discharge, Code of Virginia, Section 2.2-514 • Use of Specific Collection Techniques, Code of Virginia, Section 2.2-804 • Fair Debt Collection Practices Act, United States Public Law 95-109 • Fair Credit Reporting Act, United States Public Law 91-508, Title VI • Federal Communications Commission, "Use of Telephone for Debt Collection Purposes" • Setoff Debt Collection Act, Code of Virginia, Section 58.1-520
FM05-1.6	Funds Receipts	Funds Receipts is the process of receiving and posting payments; depositing revenue, performing bank reconciliations and recording accounting transactions.	<ul style="list-style-type: none"> • CAPP Manual Topics: 20205 Deposits, 20325 Revenue Refunds, 20330 Petty Cash, 20350 Non-State Funds, 20910 Suspense/Bank Deposit Reconciliation Procedures

6. Process Thread Detail Description

This section describes each process thread above with a more detailed description.

6.1 Customer Data Management

Exhibit 6.1 – FM05 Accounts Receivable – Customer Data Management



FM05-1.1 – Process Thread Description – Customer Data Management	
Process Description:	Customer Data Management is the process of creating, maintaining, and archiving customer master records. A customer may be an individual, a business, the federal government or agencies of the federal government, other state agencies, localities and other entities.
Improvement Opportunities:	<p><u>Better Information</u></p> <ul style="list-style-type: none"> • Increase data sharing across organizations through use of a centralized customer information database. • Improve online access to information. • Electronic sharing of information between legacy billing systems and ERP. • Electronic sharing of information from DMV, TAX, and other agencies/sources of most current information. • Provide ability to link information between SSN and EIN numbers to identify individual customers who are also businesses. • Periodically send a Customer Satisfaction Survey to obtain customer feedback to evaluate effectiveness of processes and identify areas for improvement. • Retrieve data from credit bureaus to allow credit risk assessment activities. <p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Establish a single view of the citizen as a customer and increase customer relationship management opportunities. • Establish a common customer database that stores all customers and removes redundancy between agencies. <p><u>Mitigate Fraud</u></p> <ul style="list-style-type: none"> • Identify duplicate services. • Identify social security numbers used with multiple names. • Identify same names with multiple addresses. • Disqualification of services based on available information.

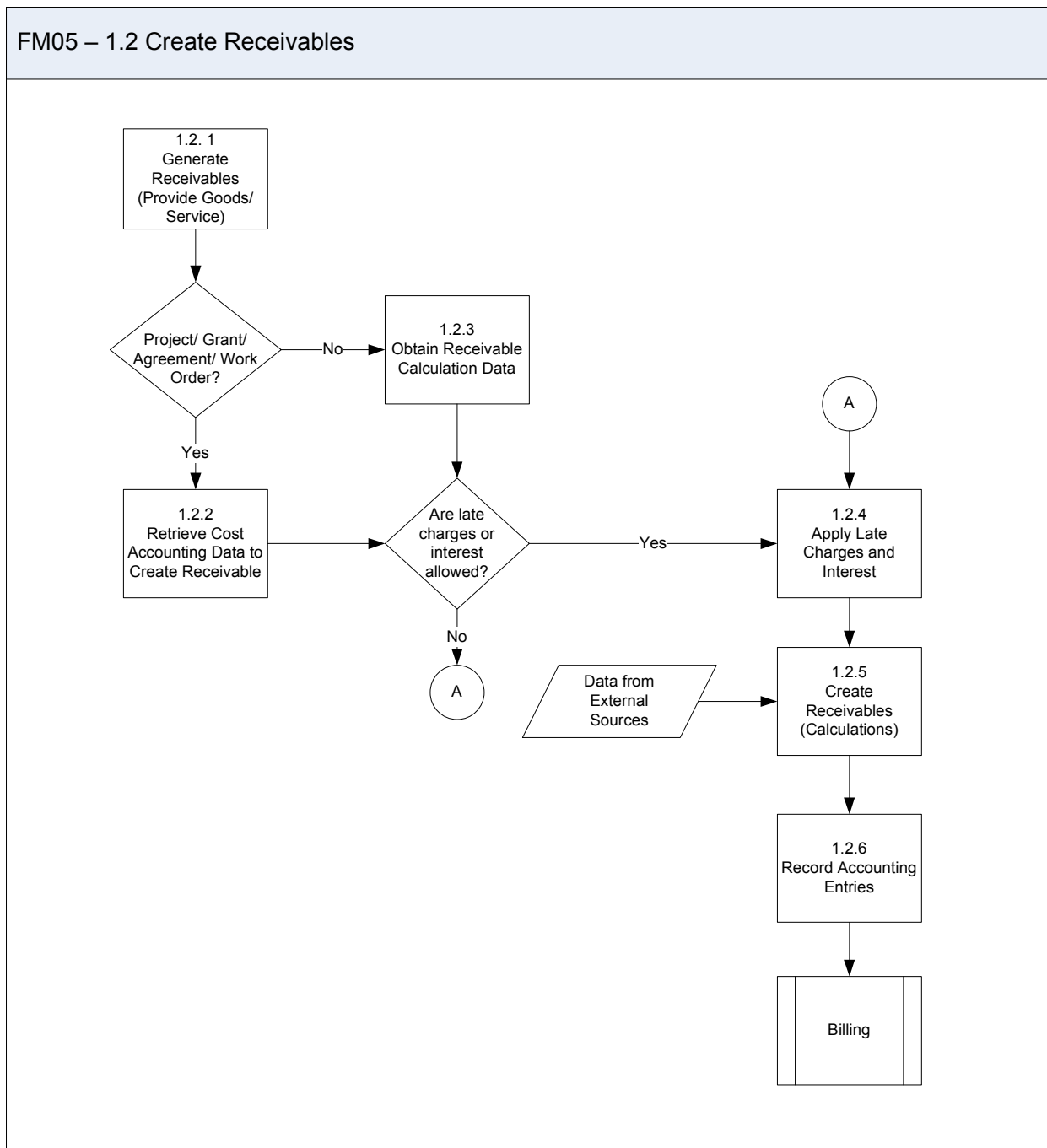
FM05-1.1 – Process Thread Description – Customer Data Management	
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> Changes to statutes may be required to allow consolidation of customer information and access across agencies. <p><u>Policies</u></p> <ul style="list-style-type: none"> New policies will be needed to handle customers belonging to multiple agencies. Policies will be required to access credit rating information and the fees paid for this service. A process for resolving conflicts about information between agencies will need to be established. CAPP Manual revisions to include but not limited to: <ul style="list-style-type: none"> creating policy for management of credit risk for specific types of customers and. creating policy for customer data dispute resolutions.
Organization/People Impacts:	<ul style="list-style-type: none"> Staff realignment may be needed due to the consolidation of customer records. Adapting to new policies and procedures may require temporary task prioritizations and or deadline modifications. An individual or group within agencies needs to be identified to maintain customer information. An agency or group will need to be selected to resolve discrepancies for customer record maintenance. Retraining of staff may require new job descriptions.
Assumptions:	<ul style="list-style-type: none"> Customer numbers from other agency systems will be maintained as a crosswalk for identification and information processing. Each customer record will only have one customer type (i.e. state, local, federal, individual, and corporation). Each customer record is allowed multiple receivable types for transactions. Each customer can have multiple addresses. Access to customer information will be controlled through various security levels. Any customer record within the ERP will be available to other agencies for use when creating receivables.
Access Methods:	<ul style="list-style-type: none"> Web Browser
System Interfaces:	<ul style="list-style-type: none"> In-Scope agency systems such as legacy billing systems of the various Commonwealth agencies and various AR contractors Collection systems utilized by Commonwealth agencies and PCA collectors Receive customer credit information from Credit Bureau Systems

Process Details			
ID	Step	Description	Detailed Steps
1.1.1	Setup Customer	Add a new customer either through manual data entry or through load of electronic data.	<p>Step 1: Receive request to establish new customer.</p> <p>Step.2: Verify the customer does not already exist in the system.</p> <p>Step 3: Enter new customer information into system. Minimum prescribed information includes but not limited to the following: (all information listed may not be applicable to all types of customers):</p> <ul style="list-style-type: none"> • Full name, and any previous name(s) if applicable • Home and office address(s) for the past two (2) years • Telephone numbers for home and place of employment • Federal Employer Identification Number (EIN) (Code of Virginia, Section 2.2-4807) • Social Security Number (SSN) for individuals or sole proprietorships contracting with the State (Code of Virginia, Section 2.2-4354) • For other individuals, Social Security Number and/or Driver's License Number (may be requested, but not required except as specifically provided for in law) • Date of birth • Contact person • Customer type • Place and type of employment and employer's address, and previous employer if less than two (2) years in present job • Credit bureau information <p>Step 4: Enter customer's billing profile information. Minimum prescribed information includes but is not limited to multiple instances of:</p> <ul style="list-style-type: none"> • Billing type (invoice or statement) • Billing period (date bill is generated) • Delivery type (paper, electronic) • Interest • Late payment fees <p>Step 5: Link new customer to any existing related customer (i.e. corporate customer and subsidiary companies).</p>

Process Details			
ID	Step	Description	Detailed Steps
1.1.2	Update Customer Record	Update/maintain a customer record either through manual data entry or through load of electronic data.	<p>Step 1: Receive request to change customer information.</p> <p>Step 2: Verify the customer already exists in the system.</p> <p>Step 3: Run validation process for electronic data loads.</p> <p>Step 4: Enter updated customer information into the system.</p> <p>Step 5: Resolve discrepancies between agencies.</p>
1.1.3	Retrieve Credit Bureau Information	Obtain credit related information from through electronic processing.	<p>Step 1: Retrieve data from Credit Bureau.</p> <p>Step 2: Update customer record with information such as credit rating, risk level, credit limit, etc.</p> <p>Step 3: Notify applicable parties of credit rating/risk changes.</p>
1.1.4	Associate Customer to Third Party	Connect 2 different customers that have a receivables relationship such as a parent to a child, insurance company to their policyholder that owes money to the Commonwealth or original customer to an estate of the original customer (if deceased).	<p>Step 1: Identify third party.</p> <p>Step 2: Link third party and customer.</p>
1.1.5	Inactivate Customer	Change a customer status to inactive to prevent some subsequent activities from occurring for that customer.	<p>Step 1: Determine the need to inactivate a customer.</p> <p>Step 2: Open the desired customer record.</p> <p>Step 3: Change the customer status to inactive.</p>
1.1.6	Archive	Removal of inactive customers with zero dollar balances older than a defined number of years.	<p>Step 1: Through automated process determine customers eligible for archival.</p> <p>Step 2: Review and unmark customer records to be removed from archival.</p> <p>Step 3: Manually mark any additional customer records to archive.</p> <p>Step 4: Run archive program to move customers and all related records from the database.</p>

6.2 Create Receivables

Exhibit 6.2 – FM05 Accounts Receivable – Create Receivables



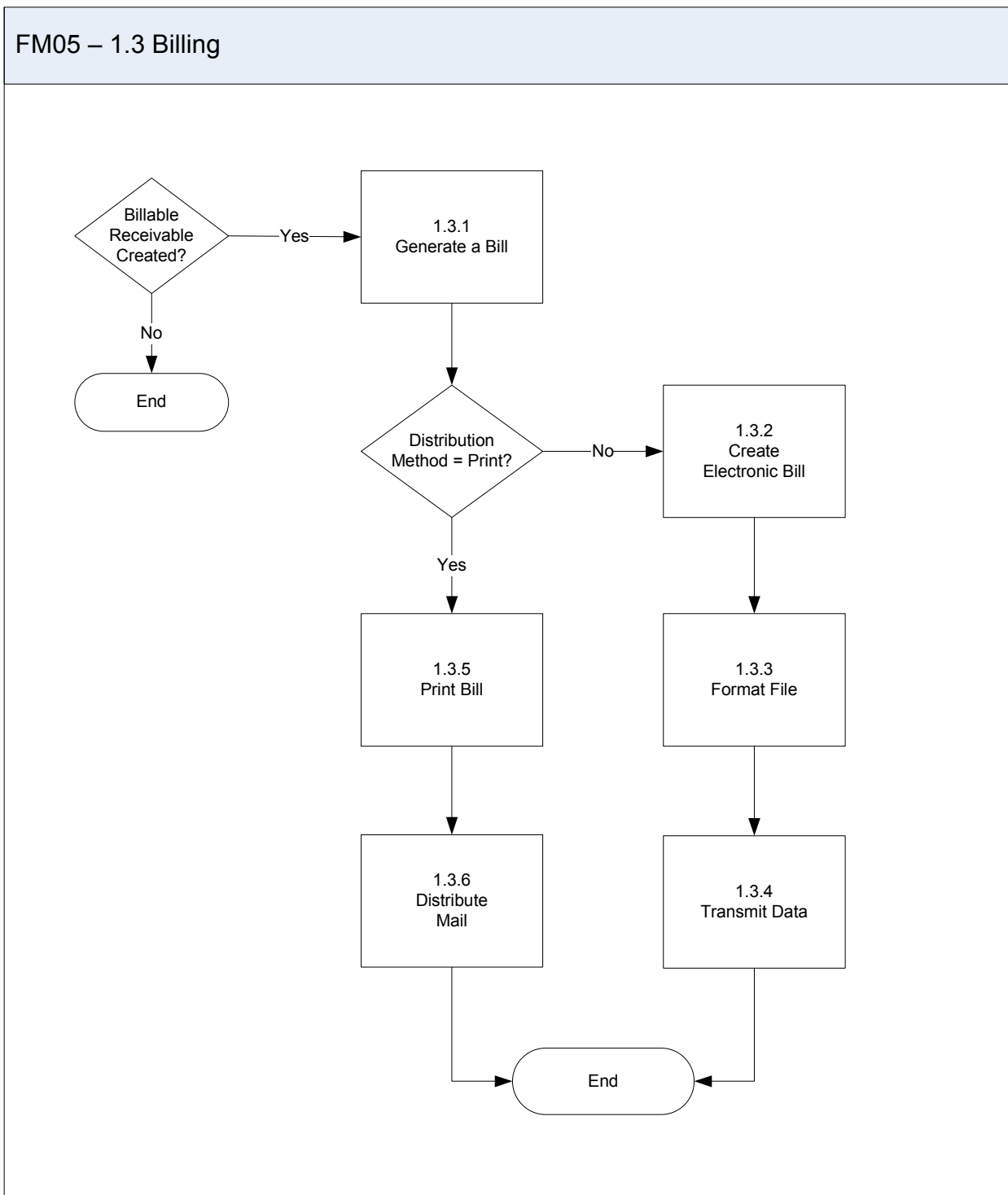
FM05-1.2 – Process Thread Description – Create Receivables	
Process Description:	Create Receivables is the process of capturing and recording the amounts owed by customers with the required attributes such as grant, project, agreement or work order information and the recording of accounting transactions. Receivables can be from individuals, businesses, other state agencies (interagency), federal government agencies, local governments, or others. Note: An interagency receivable (IAT) is processed through this thread in the same manner as a non-interagency receivable.
Improvement Opportunities:	<p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Set limits for minimum dollars to generate a receivable. • Integrate AR functionality into a single system. • Automate receivable creation. • Create a common data entry format for IAT (InterAgency Transfer), ATV (Agency Transfer Voucher), and Revenue Refunds. • Improve financial reporting. <p><u>Increased Revenues</u></p> <ul style="list-style-type: none"> • Develop an automated and uniform method of assessing late fees and interest. • Charge customers for collection fees paid to the PCAs.
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> • Standardize all code for late fees and interest to bring all in sync. • Establish code to allow calculating and charging of late charge, interest and PCA collection fees on past due receivables with: <ul style="list-style-type: none"> ▪ enough flexibility to prevent requiring General Assembly approval for each increase in late fees and interest (VEC title 60.2 sets amounts) and ▪ ability to differ by agency if mandated by other federal statutes. <p><u>Policies</u></p> <ul style="list-style-type: none"> • CAPP Manual revisions to include but not limited to: <ul style="list-style-type: none"> ▪ policy on calculating and charging of late charge and interest on past due receivables, ▪ revised policies for IAT processing to improve accuracy and timing of interagency transactions, ▪ policy on handling of creation of receivables as well as collection of past due receivables from estates of deceased persons - handle all scenarios such as create receivable after deceased, collect receivable after deceased as there may be different policy depending on the scenario, and ▪ create policy to manage processing for IATs at fiscal year end (i.e. cut-offs).
Organization/People Impacts:	<ul style="list-style-type: none"> • Agencies will be able to consolidate receivable processes that are being handled in multiple units or locations. • Agencies and staff will have new policies and procedures such as the new requirement to submit AR data to DOA will be complex. • Retraining of staff may require new job descriptions.

FM05-1.2 – Process Thread Description – Create Receivables	
Assumptions:	<ul style="list-style-type: none"> • Receivables will be calculated in the new ERP from either keyed or interfaced data wherever possible. • Where receivables are calculated in Phase 1 agency legacy systems, the receivable amounts will be passed to the ERP at the customer detail level. • The VDOT fuel calculation will be performed in the VDOT fuel system and sent to the ERP system with the dollar amounts. • Time and Attendance (TA) will capture the time (hours) for non-employee classifications such as inmate labor, hired equipment, and rental equipment. • Time and Attendance will have agency specific profile capabilities. • The hourly rate for rental equipment will be stored and accessible by the ERP system to be used by cost accounting for calculation of expenditure amounts. • Accounts Receivable will create receivables and bills for all receivables not related to grants, projects, agreements or work orders. <ul style="list-style-type: none"> ▪ Cost Accounting (CA) will provide billable amounts to AR. ▪ Every agreement has an associated project. • All receivables accounting entries are created in the ERP system (i.e. legacy billing or other systems feed ERP at enough detail to generate accounting entries). Initially Phase 1 agencies, and eventually Phase 2. • Richard Bland College (RBC) has been confirmed to be an online CARS direct entry user. Therefore, even though they are higher education, they are considered in scope for Phase 1. • Agencies with in-house AR systems with unique requirements that the new software application will not accommodate may be able to retain their systems. (Note: All of the systems will be reviewed in a later phase of the project.) • To minimize ERP modifications, no customizations will be made to accommodate accident related receivables. Actual expenditures under a project number will be used to create accident receivables in the future environment. • Based on low volume of bills, any receivable for inventory disbursements will be handled through manual data entry. • Agencies/institutions that are not currently using the IAT process within CARS will be allowed to continue to use the external vendor process for these transactions within the ERP. • Cash validation for IAT transactions will occur at the same point in the process that it occurs for all other AP vouchers. • For IAT receivables, validation will occur at the time of receivable creation. For paying IAT receivables, validation will occur at the time of AP voucher entry. • An IAT transaction is only allowed when payment and deposit occur within the same state bank account.
Access Methods:	<ul style="list-style-type: none"> • Web Browser
System Interfaces:	<ul style="list-style-type: none"> • In-Scope agency systems for external data collection, receivable calculation/legacy billing systems to feed to receivables. • In-Scope and Non-Phase 1 Agency subsystems of the various Commonwealth agencies for summarized receivable, payment data, as well as, billing and other information. • Collection systems utilized by Commonwealth agencies and PCA collectors

Process Details			
ID	Step	Description	Detailed Steps
1.2.1	Generate Receivables	Enter into the Create Receivables process.	Step 1: Provide billable goods or services. Step 2: Create Online receivables.
1.2.2	Retrieve Cost Accounting Data to Create Receivables	Retrieve data from cost accounting for grant, project, agreement and/or work order related billings.	Step 1: Retrieve amounts. Step 2: Retrieve other applicable data (such as grant ids, project ids, agreement ids, work order ids, and other related information). Step 3: Identify customer and associated project ids.
1.2.3	Obtain Receivable Calculation Data	Retrieval of data.	Step 1: Retrieve billable amounts. Step 2: Retrieve receivable computation rules.
1.2.4	Apply Late Charges and Interest	Determination and calculation of any allowed late charges and interest.	Step 1: System determines if existing receivables qualify for calculation of late charges, interest, administrative costs, or attorney's fees. Step 2: System calculates amounts.
1.2.5	Create Receivables (Calculations)	Calculate receivables.	Step 1: Retrieve data from: <ul style="list-style-type: none"> • External sources that have already calculated receivable amounts, • Cost Accounting calculations, • Expenditure data, • Time and Attendance data for non-employee information, and • Online data entry. Step 2: Calculate Receivables. Step 3: Associate receivable with customer. Step 4: Run query or report to validate and reconcile receivables. Step 5: Approve receivables for further processing. Step 6: Send data to Billing for billing invoice creation.
1.2.6	Record Accounting Entries	Create accounting entries related to receivable transactions.	Step 1: Create accounting entry to record AR and offset to either revenue or expenditure refund. Step 2: Send data to GL for posting of accounting transactions. Step 3: Reconcile AR to GL.

6.3 Billing

Exhibit 6.3– FM05 Accounts Receivable – Billing



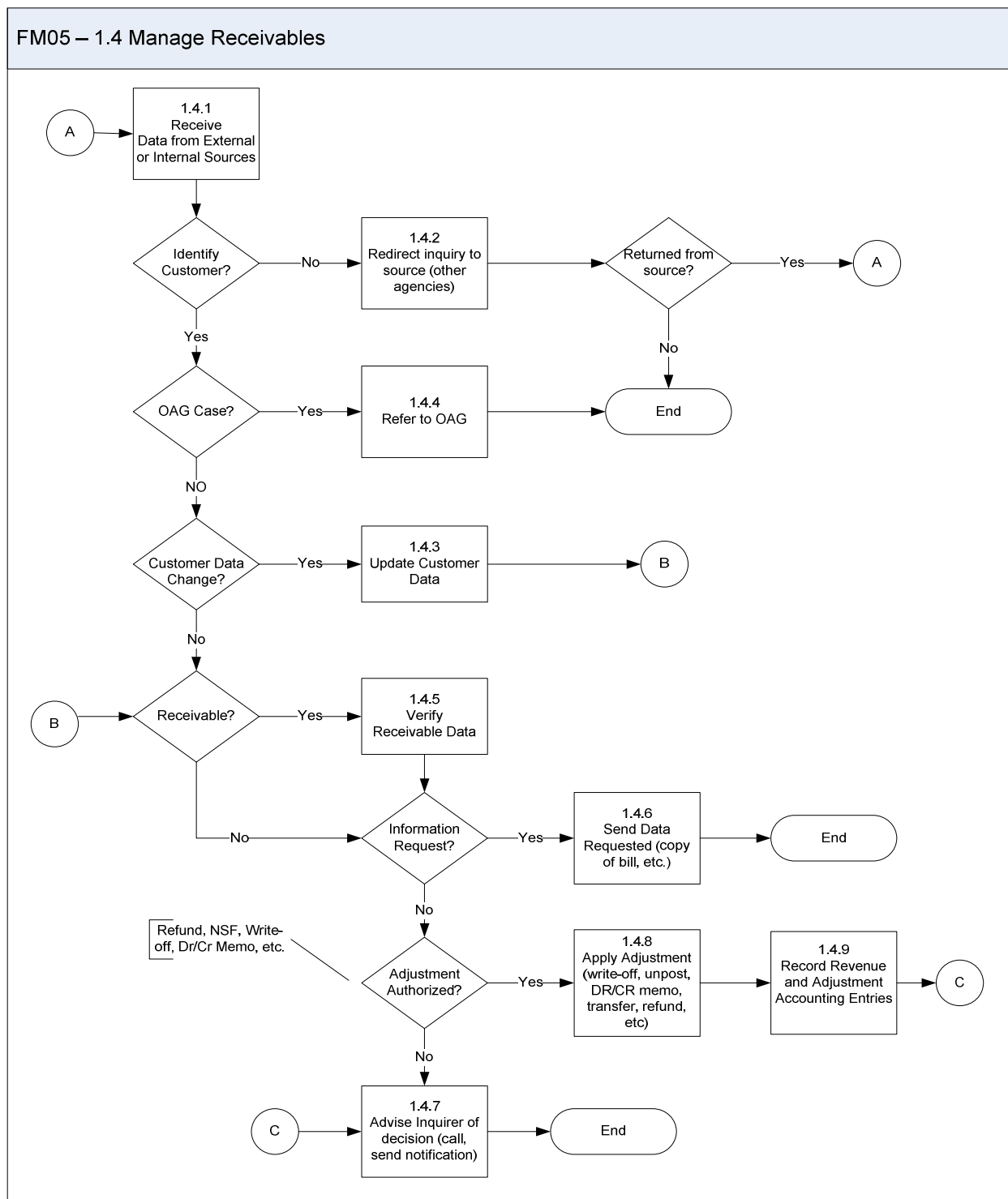
FM05-1.3 – Process Thread Description – Billing	
Process Description:	Billing is the process of generating bills, statements, and bill detail.
Improvement Opportunities:	<p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Improve customer service by integrating billing functionality across agencies for both state agencies and citizens. • Provide an online customer service center and the ability to see the billing information/status and payment information online. • Provide ability to produce one statement for the customer to improve both efficiency of processing payments and customer management. • Reduce quantity of bills printed by reviewing frequencies of bill generation. • Standardize the bill formats to support a minimal number of formats. • Bill formats to include remittance advices and bar-coding to aid in the funds receipt process (current process is to send extra copy of bill to be used as remittance advice and some agencies print the extra copy on colored paper). • Use of self-mailer stationary to eliminate stuffing of envelopes – reduce manpower required to distribute bills. • Provide shared services for printing and mailing functions to consolidate activities that are currently performed at individual agencies. (Some sharing of bill printing occurs in current environment but not on a large scale.) • Provide additional detail backup to a bill only when requested by customer (VITA already uses this procedure for some bills). • Implement workflow rules to manage and improve the timing of payments of InterAgency Transfer (IAT) bills. • Pre-sort bills for postage discounts. • Utilize the National Change of Address Database from the USPS. (Note: This service is currently limited to one distribution Treasury gets the service but provides the data only to DOA and not to the individual agencies for AP address corrections.) • Include W9 information on bill formats to eliminate delay in payment because COVA has not provided the W9 information. • Allow discount payment terms to help get payments in to the state bank account sooner. (Cash flow improvements.) • Formalize dispute resolution and error correction process to control and correct billing errors. Provide feedback to external billing systems. <p><u>Information Technology Modernization</u></p> <ul style="list-style-type: none"> • Automate the billing process. • Utilize electronic (paperless) billing and transmission of data files (DGS and Treasury are already utilizing some electronic billing). • Implement an imaging system to electronically store copies of all bills generated.
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> • None identified at this time. <p><u>Policies</u></p> <ul style="list-style-type: none"> • CAPP Manual revisions to include but not limited to the following. <ul style="list-style-type: none"> ▪ Implement common standards, systems, support, policy and procedures among agencies. ▪ Make necessary changes to allow for a billing minimum. (Currently, some agencies have limits, others do not. Allow limit to be set by bill type.) ▪ Create policy for billing error correction processing. • Policies for customer on-line access to billing/payment information.
Organization/People Impacts:	<ul style="list-style-type: none"> • Shared Service Center for printing and/or mailing of bills at a central location • Retraining of staff may require new job descriptions
Assumptions:	<ul style="list-style-type: none"> • Bill detail will only be provided upon request.

FM05-1.3 – Process Thread Description – Billing	
Access Methods:	<ul style="list-style-type: none"> • Web Browser
System Interfaces:	<ul style="list-style-type: none"> • Collection systems utilized by Commonwealth agencies and PCA collector. • Interface to printing/mailing entity of billing/statement data • USPS – National Change of Address Database • Interfaces to payment processing entities such as the Federal Highway Administration

Process Details			
ID	Step	Description	Detailed Steps
1.3.1	Generate a Bill	Gather accumulated data and organize for bill format.	Step 1: Receive notice to bill customer. Step 2: Retrieve customer information. Step 3: Retrieve create receivable information. Step 4: Consolidate bills for multiple accounts. Step 5: Calculate statement balance. Step 6: Generate bill or statement. Step 7: Recalculate account balance for identified accounts.
1.3.2	Create Electronic Bill	Send bill data through electronic methods.	Step 1: Determine that bill should be generated in electronic format instead of paper.
1.3.3	Format File	Format electronic bill data.	Step 1: Format data into appropriate electronic format(s).
1.3.4	Transmit Data	Transmit electronic bill data to appropriate parties.	Step 1: Transmit electronic bill data to appropriate parties using secure methods. Step 2: Resubmit failed transmissions.
1.3.5	Print Bill	Send bill data to printer.	Step 1: Determine that bill should be generated in hard copy paper format. Step 2: Send data to printer for printing. Step 3: Print or reprint bills as necessary.
1.3.6	Distribute Mail	Distribution of printed bills to customers.	Step 1: Stuff bills into envelopes for non-self mailers. Step 2: Physically take bills to postal service or use other courier service.

6.4 Manage Receivables

Exhibit 6.4– FM05 Accounts Receivable – Manage Receivables



FM05-1.4 – Process Thread Description – Manage Receivables	
Process Description:	Manage Receivables is the process of adjusting receivables including refunds, write-offs, debit/credit memos, non-sufficient funds and vacating a receivable.
Improvement Opportunities:	<p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Develop standard tolerance write-off amount to save resources used tracking down small amounts. • Develop a new method for managing and reimbursing banks for NSF checks. • Assess a returned check fee for all NSF checks. • Automate process of creating DOA required reporting such as CAFR and Quarterly Reporting. This will require inclusion of data from both in-scope and out-of-scope agencies. This will be a phased approach beginning with detail from Phase 1 agencies. Phase 2 and out-of-scope agencies will begin providing detail information during Phase 2. • Allow agencies to discharge specific types of debt – such as deaths and chapter 7. • Automate process for identifying and executing write-offs. • Create a customer self-service functionality to initiate dispute process and the tools to track and report this process. • Standardize the method for processing and accounting for return of goods.
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> • Change code to allow for individual agencies to discharge selected debts due to circumstances such as deaths or chapter 7 where no activity has occurred on account for 7 years. (OAG would still monitor this activity.) • Make assessment of returned check fees for all NSF checks required by statute. <p><u>Policies</u></p> <ul style="list-style-type: none"> • Accounts Receivable related CAPP Manual revisions include but are not limited to the following changes. <ul style="list-style-type: none"> ▪ Develop standard write-off process – timing and amounts. ▪ Set policy to establish limits and authority levels for write-offs. ▪ Establish specifics on how to handle receivables that are placed in a hold status due to appeals, contested, or military reasons. Include aging considerations as well as halting of collection activities. ▪ Create consistent process for recreating write-offs when collecting funds (reinstate entire write-off or just what is collected or just record directly to GL without re-establishing the write-off). ▪ Develop a standard policy to handle adjustments (including retroactive) across all affected business processes – start adjustment as close to source as possible so all processes are updated. Example – correction to a time sheet in TA may also affect expenditure data in CA, billed data in AR, accounting information in GL. ▪ Create policies for IAT disputes and IAT fiscal year end processing. ▪ Create policies for handling of non-IAT AR disputes. ▪ Create policies for handling returns of goods.
Organization/People Impacts:	<ul style="list-style-type: none"> • Staff realignment may be needed due to the reduction in manual processing time. • Adapting to new policies and procedures may require temporary task prioritizations and deadline modifications. • Retraining of staff may require new job descriptions.

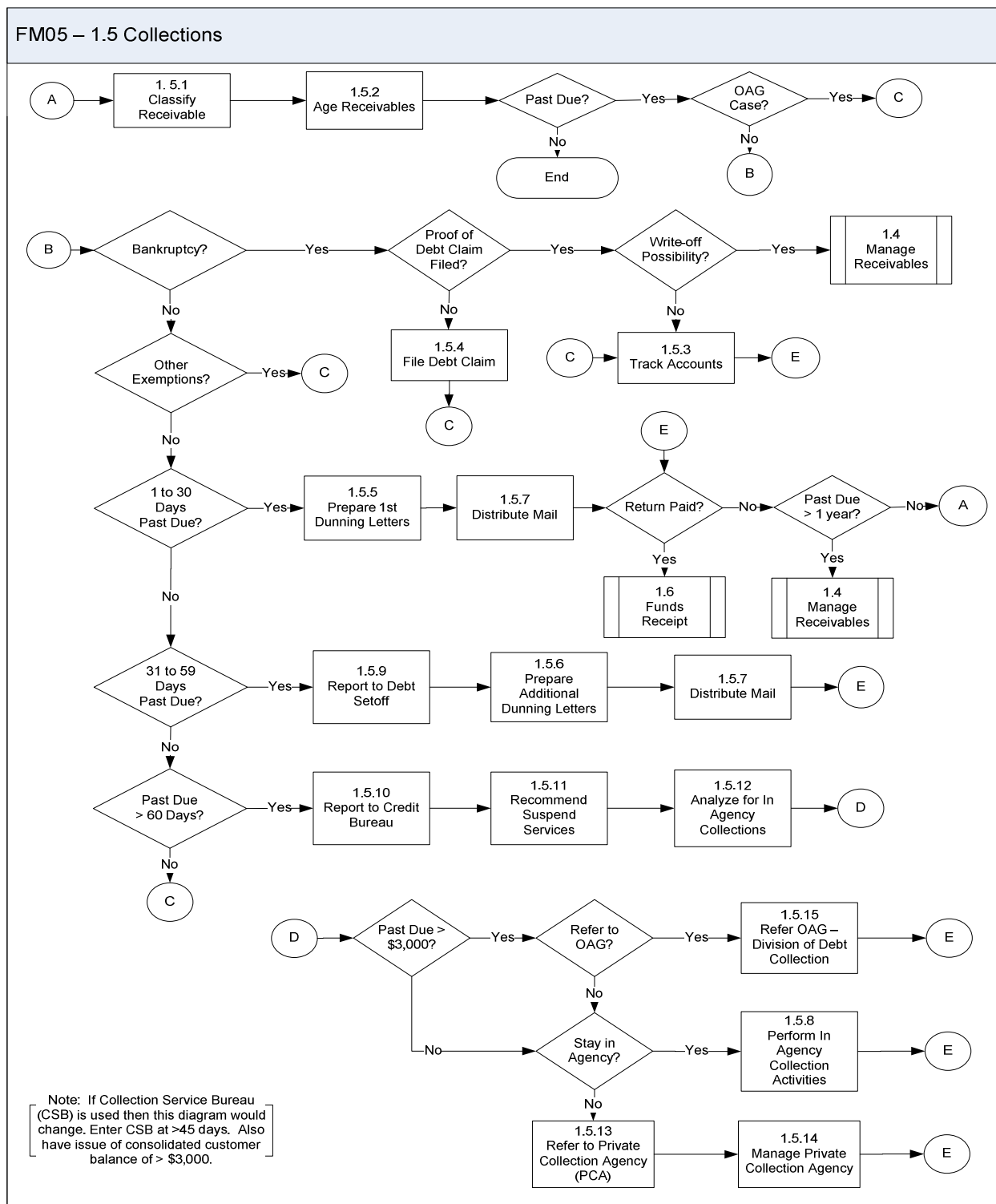
FM05-1.4 – Process Thread Description – Manage Receivables	
Assumptions:	<ul style="list-style-type: none"> • The majority of processing will be through predefined batch scheduling with minimal adhoc processing. • Reporting will combine Phase 1 agencies detail AR amounts, GL journal entries for AR data from Phase 2 and out-of-scope agencies, and Financial Statement data from higher education agencies. • Information provided by all agencies for DOA Quarterly or CAFR reporting will change. • All agencies will need to key or interface receivable data into the new financial system. Data will either be at a detail or at the GL journal entry level. • External billing systems will initiate receivable corrections (adjustments) and interface them to the ERP system. • Write-off transactions will originate in the ERP system and may be interfaced back to external billing systems. • Uniform write-off policies and allowance calculations (but allow flexibility by agency and customer type) will be developed. • Debt Setoff information will be transmitted automatically in electronic format. • AR will comply with General Accounting calendar closing and provide all data in a timely manner for adjustments and reconciliations. • Timing of the Quarterly Reporting will continue to be an issue until Phase 2 agencies are incorporated in the ERP.
Access Methods:	<ul style="list-style-type: none"> • Web Browser
System Interfaces:	<ul style="list-style-type: none"> • In-scope agency and Non-Phase 1 agency systems of the various Commonwealth agencies • Collection systems utilized by Commonwealth agencies and PCA collectors • Receive imaged documents from Imaging System • Reporting data interfaced to DOA

Process Details			
ID	Step	Description	Detailed Steps
1.4.1	Receive Data from External or Internal Sources	Receive data regarding receivables from various sources.	Step 1: Receive inquiry. Step 2: Obtain information from internal control reviews.
1.4.2	Redirect Inquiry to Source	Redirect inquiries to appropriate parties.	Step 1: Verify customer. Step 2: If customer does not exist then redirect inquiry to another source.
1.4.3	Update Customer Data	Update any new customer information.	Step 1: If customer has provided updated customer information such as address, phone, etc. then update the customer record with new data. Step 2: Process verification of change and approval. Step 3: Provide notification through workflow to affected parties.
1.4.4	Refer to OAG	Refer inquiry to OAG.	Step 1: Identify if receivable case has already been referred to the OAG. Step 2: If already referred, then all subsequent inquiries are also referred to the OAG. Step 3: Document in customer correspondence area, receipt and referral on inquiry.
1.4.5	Verify Receivable Data	Analysis of receivable information.	Step 1: Identify receivable for the data under inquiry. Step 2: Receive data from external systems. Step 3: Analyze receivable data.

Process Details			
ID	Step	Description	Detailed Steps
1.4.6	Send data Requested	Send data to inquirer.	Step 1: If copies of bills, dunning letter, etc. are requested, provide copies. Step 2: Mail to inquirer.
1.4.7	Advise Inquirer of Decision	Send correspondence to Inquirer.	Step 1: Email, phone or send letter to inquirer with action taken on inquiry if no other paperwork will be generated.
1.4.8	Apply Adjustment	Process to create adjustments and update customer balance.	Step 1: Identify adjustments such as refunds, write-offs, Non-sufficient funds (NSF), Debit or Credit Memo. Step 2: Enter adjustment to receivables as required. Step 3: Approve adjustment. Step 4: Update receivable account/balance with adjustment. Step 5: Release liens or recording of other non-monetary information updates related to the adjustment. Step 6: Send refund data to AP.
1.4.9	Record Revenue and other Adjustment Accounting Entries	Creation of accounting entries related to manage receivable transactions.	Step 1: Record adjustments accounting entries. Step 2: Send accounting entries to General Ledger. Step 3: Reconcile AR to GL.

6.5 Collections

Exhibit 6.5– FM05 Accounts Receivable – Collections



FM05-1.5 – Process Thread Description – Collections	
Process Description:	Collection is the process of using various practices or procedures to collect funds owed to the Commonwealth. Collection includes aging, dunning, skip tracing, referrals, and legal action.
Improvement Opportunities:	<p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Many debts for a given debtor can be addressed at one time. • Consistent application of debt collection policy and a common method for handling the collection process will result in a uniform treatment of debtors. • Systematically generate an electronic file to be sent to various credit bureaus for reporting activities on delinquent and non-delinquent accounts. • When sending information for collection activities outside of the agency, utilize electronic methods of sending data rather than sending paperwork between agency and other party. This would include data sent to OAG as well as data sent to PCAs. • Automate creation of dunning letters. • Implement an imaging system to electronically store copies of all customer correspondence including documents sent from agency such as dunning letters and documents received by agency such as inquiries, and bill dispute letters. • Perform automated reconciliation between agency data and other parties such as OAG, PCA, and Shared Services Centers (SSC) as to the customer accounts being managed by the these groups. • Allow all agencies and/or Shared Service Center to initiate administrative liens. (OAG says this is most cost effective method. Hospitals, Tax, VEC Tax division, and Worker's Compensation already do this.) • Automate the creation of legal documents such as warrants and debts for filing with courts. • Include OAG in the contract process to ensure proper language is included that might be needed to pursue collections, charge late charge and interest, etc. (Boilerplate, standard text). • Provide incentives to agencies for collections. • Allow funds received for late fees and interest to go back to the source that incurs the collection expenses. • Once file is sent to Comptroller's Debt Setoff (CDS) and a match is found, automate sending of notification letter to customer. • Develop a central ability to access online public information from jurisdictions (court information such as liens). Circuit courts (138) require individual subscriptions and are labor intensive to sign up for each court online. • Create analysis reports of reasons for delayed payment to be used for improving front-end processes such as billing. • Provide reporting tools to analyze receivable data and track trends such as Days Sales Outstanding (DSO) and other operational targets and achieve management reporting within agencies. <p><u>Private Collection Agency (PCA) Outsourcing</u></p> <p>More than one PCA working collection cases will provide the kind of competitive environment among multiple PCAs that will increase collections.</p>

FM05-1.5 – Process Thread Description – Collections	
	<p><u>Assign Cases to the Shared Service Center (SSC)</u></p> <ul style="list-style-type: none"> • Use of a SSC for collections could help the Commonwealth with various collection activities. (See Issue Paper # 36) • Identify cases to be assigned to the Service Center (older than 45 days past due). • VEAP In-Scope Agencies send cases to Service Center for collection activity. • Run skip-tracing for accounts where asset information is not available and/or accounts flagged with bad addresses. • Run accounts through a scoring system to determine the next appropriate action. • Receive cases from the OAG-Division of Debt Collection for post-judgment collection efforts. • Receive cases from the PCAs that are deemed uncollectible. • Set up payments plans (if applicable).
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> • Mandated collection procedures for all Commonwealth agencies. • Modify the statute that requires sending all past due accounts > than \$3,000 to the Office of Attorney General (OAG) to be a higher dollar limit (between \$5,000 and \$10,000) to allow better use of OAG resources, and allow smaller debts to be handled by agency or SSC. • Modify the statute that requires sending all past due accounts > than 60 days to the Office of Attorney General (OAG) to be a higher number of days (between 75 and 90) to allow better use of the Commonwealth's enhanced collection functions and OAG resources. • Require reporting to the Credit Bureaus to include delinquent and prompt pay accounts. • Provide agency ability to compromise selected debts without going through OAG process. • Need to establish oversight group to ensure compliance and monitor performance of Collections Shared Service Center or any outside collection activities. • Clarify definition of agency ability to "practice law". • Establish legal standards for imaging and retention of imaged documents. • Allow suspension of services across multiple state agencies if past due debtor owes one agency and is in the collection cycle past xx days. • Need to establish hierarchy for debt setoff. Change from priority being the timing of receipt of data, to a hierarchy as all agency data will be transmitted at same time. (Base on age of receivable, \$ amount, use Taxation's hierarchy as a model, or other criteria.) • Change the Code of Virginia to allow an agency to internally offset a receivable and a payable transaction prior to the submission to the CDS process for past due receivables. • Grant administrative lien and levy authority to the Shared Service Center regarding certain debt types. • Grant the Shared Service Center the authority to utilize attorney collectors capable of executing instruments of distraint. This process draws upon the current practice of the Department of Justice and VEC of outsourcing to collection attorneys. • Certain debt types should be identified based on profitability, for securitization and sale on the open market. • Allow the Shared Service Center to have full access to bank and wage information from TAX, the VEC, the DMV, and the State Corporation Commission.

FM05-1.5 – Process Thread Description – Collections	
	<p>Policy</p> <ul style="list-style-type: none"> • Establish a policy of how to handle past due receivables for deployed military. • Establish a policy for handling of internal agency debt setoffs prior to submitting to Comptroller Debt Setoff. This should cover agencies such as Department of Forestry landowner setoffs and VEC benefits setoff. • CAPP Manual revision to include but not limited to: <ul style="list-style-type: none"> ▪ Mandated collection procedures for all Commonwealth agencies. ▪ Reporting to the Credit Bureaus to include delinquent and prompt pay accounts. ▪ Establish a policy of how to handle past due receivables for deployed military. ▪ Establish a policy for handling of internal agency debt setoffs prior to submitting to Comptroller Debt Setoff. This should cover agencies such as Department of Forestry landowner setoffs and VEC benefits setoff. ▪ A restructuring of the mandates regarding placement of accounts with the OAG and PCAs should be explored to allow the Shared Service Center the appropriate discretion necessary in its management of the Commonwealth's accounts receivable portfolio management. ▪ Mandate the acceptable payment methods for any past due accounts that are converted to a payment plan. Payment method should be limited and include credit card and direct debit based on pre-established payment schedule.
Organization/People Impacts:	<ul style="list-style-type: none"> • Staff realignment may be needed due to the reduction in manual processing time. • Staff realignments may be needed to improve staff utilization for increasing account coverage and enhancing collections. • Adapting to new collection policies and procedures may require temporary task prioritizations and deadline modifications. • Retraining of staff may require new job descriptions. • Establishment of a Shared Service Center will involve the realignment and revision of staff duties.
Assumptions:	<ul style="list-style-type: none"> • The Shared Service Center will be given debts from all agencies currently in-scope no later than 45 days past due. • The Shared Service Center will have full access to bank and wage information from TAX, the Virginia Employment Commission, the Division of Motor Vehicles, and the State Corporation Commission. • The Shared Service Center will have autonomy with regard to the utilization of PCAs, to include price negotiation. • Administrative costs and fees will be consistently charged to the debtor in accordance with Virginia Code Sections 2.2-4805 and 58.1-520. • Collection processing will be handled through the ERP system for all maintained accounts, i.e. the system will electronically submit accounts to Debt Setoff and private collection agencies. <p>Allowance for doubtful accounts will be recorded to the modified and/or full accrual ledgers but will not be recorded to the cash ledger.</p>
Access Methods:	<ul style="list-style-type: none"> • Web Browser
System Interfaces:	<ul style="list-style-type: none"> • AR Subsystems of the various Commonwealth Phase 1 and Non-Phase 1 agencies • Credit Bureaus to send account history on debtors • Subsystem of the OAG to submit delinquent accounts and receive collection results • Debt Setoff subsystem for recovery from tax and vendor refunds • DMV subsystem for addresses and other like information • Exchange receivable management data with collection systems utilized by agencies and PCA collectors, i.e. collection agencies and shared service centers

Process Details			
ID	Step	Description	Detailed Steps
1.5.1	Classify Receivable	Classification of Receivables as Past Due.	Step 1: Identify receivable. Step 2: Bypass receivables exempt from aging.
1.5.2	Age Receivables	Calculate Age of Receivables.	Step 1: Identify aging categories per DOA requirements. Step 2: System runs process to age outstanding receivables. Step 3: Update customer accounts with aging information. Step 4: Create any necessary reports.
1.5.3	Identify Accounts	Identify any Exceptions.	Step 1: Identify type of account such as bankruptcy, payment plans, military, or estates. Step 2: Follow up on accounts as needed.
1.5.4	File Debt Claim	Bankruptcy Account filings.	Step 1: Identify accounts in bankruptcies that do not have a Debt Claim filed. Step 2: File proper forms.
1.5.5	Prepare 1 st Dunning Letter	Print 1 st Dunning Letter.	Step 1: Select appropriate dunning letter. Step 2: System identifies receivables eligible for dunning letter. Step 3: System generates dunning letter. Step 4: System prints or electronically provides dunning letter.
1.5.6	Prepare 2 nd Dunning Letter	Print Additional Dunning Letter.	Step 1: Select appropriate dunning letter. Step 2: System identifies receivables eligible for additional dunning letters. Step 3: System generates dunning letter. Step 4: System prints or electronically provides dunning letter.
1.5.7	Distribute Mail	Send correspondence to customers.	Step 1: Forward electronic notices. Step 2: Insert letters into envelopes. Step 3: Mail letters.
1.5.8	Perform In Agency Collection Activities	Perform activities to eliminate past due accounts.	Step 1: Review customer correspondence history. Step 2: Communicate with customer through telephone calls. Step 3: Work out payment plans. Step 4: Send notice to customer when case is referred to PCA. Step 5: Enter evidence of customer correspondence in system.
1.5.9	Report to Debt Setoff	Refer Cases.	Step 1: Identify cases (either manually or through automated methods) available for Debt Setoff. Step 2: Send electronic files.
1.5.10	Report to Credit Bureau	Submit electronic collection data to Credit Bureaus.	Step 1: Identify cases to be included in Credit Bureau process through electronic methods. Step 2: Transmit data electronically to Credit Bureaus (i.e. Equifax). Step 3: Access Credit Bureau system online to make any necessary corrections.

Process Details			
ID	Step	Description	Detailed Steps
1.5.11	Recommend Suspend Services	Feedback to agency.	Step 1: Notify agency of recommendation for suspension of goods or service. Step 2: Agencies take appropriate actions to not incur additional debt from suspended service customers.
1.5.12	Analyze for In Agency Collections	Review of accounts for determining next collection activities.	Step 1: Agency reviews the account. Step 2: Determine if account should be treated as exception. Step 3: Follow process to obtain approval for exception. Step 4: Document account with exception flag.
1.5.13	Refer to Private Collection Agency (PCA)	Refer Cases.	Step 1: Identify cases (either manually or through automated methods) to be referred to PCAs. Step 2: Send electronic file to appropriate parties. Step 3: Send any backup documentation required. Step 4: PCA applies collection activities to referred cases. Step 5: PCA returns debt that is deemed uncollectible.
1.5.14	Manage Private Collection Agency	Manage relationship with PCAs.	Step 1: Receive inquiries and issues from PCAs. Step 2: Respond to PCAs. Step 3: Monitor and report on PCA performance. Step 4: Manage fee structure and payments to PCAs. Note: This step 1.5.14 could be performed by Shared Service Center (SSC).
1.5.15	Refer to Office of the Attorney General - Division of Debt Collection	Relationship with state agencies.	Step 1: Identify and refer cases (either manually or through automated methods) to the OAG. Step 2: Provide legal advice to agencies related to the collection of accounts receivable. Step 3: OAG applies collection activities to referred cases. Step 4: Return post-judgment cases for any subsequent activities.

FM05-1.6 – Process Thread Description – Funds Receipts	
Process Description:	Funds Receipts is the process of receiving and posting payments, routing of non-monetary information, preparing bank deposits, performing bank reconciliation and recording accounting transactions. Funds receipt monies are not always related to accounts receivable transactions.
Improvement Opportunities:	<p><u>Information Technology Modernization</u></p> <ul style="list-style-type: none"> • Improve automation of deposit processing including InterAgency Transfers (IAT). • Decrease the manual effort involved in posting payments. • Expand use of electronic commerce such as Electronic Data Interface (EDI). • Reduce the effort associated with reconciling cash. • Increase the efficiency of posting of monies to customer accounts. <p><u>Streamline Business Process</u></p> <ul style="list-style-type: none"> • Improve customer service by receiving more methods of payment including internet payments. • Increase interest earnings by improving the state's ability to collect revenue earlier through expanded use of different payment methods. • Efficient cash management techniques and banking services. • Improve detection capabilities or change audit requirements around collected mail with monies to allow more efficient and less expensive methods for processing mail with monies. (Example –Equipment/software exists to detect if a check is included in a sealed envelope based on presence of MICR information.) • Centralize scanning and imaging processes (example – copies of checks and other supporting information included with payment). • Consolidate credit card processing (potentially less merchant numbers) to obtain better rates for more volume. Additionally, treasury should budget for and pay all fees to eliminate some of the need for additional merchant numbers and inability of some agencies funded by federal government to allow credit card use. • Automate the handling of small differences between receivable amount and payment amount (use system functionality to handle a \$ tolerance such as \$1 over or under receivable amount). • Consolidate the funds receipt process into the Shared Service Center with a central statewide PO Box. Each agency's funds would be handled at the agency level but received and processed at a central location. • Automate the application of payments. <p><u>Better Information</u></p> <ul style="list-style-type: none"> • Create an audit trail of Commonwealth deposits and revenue refunds. • Maintain online records of revenues, other receipts, and refunds. • Capture better information for statewide investment opportunities. <p><u>Paper Reduction</u></p> <ul style="list-style-type: none"> • Reduced manual effort by eliminating the flow of paper across the Commonwealth. • Increase electronic processing of cash receipts to reduce paper processing efforts of forms.
Legal/Policy Reform Impacts:	<p><u>Legal</u></p> <ul style="list-style-type: none"> • Adhere to federal regulations around cash receipts and controls. • Assess impact to legal statute or policies for any changes made to the credit card process as relates to payment of credit card fees.

FM05-1.6 – Process Thread Description – Funds Receipts	
	<p><u>Policies</u></p> <ul style="list-style-type: none"> • CAPP Manual revisions to include but not limited to the following. <ul style="list-style-type: none"> ▪ Implement common standards, systems, support, policy and procedures among agencies. ▪ Create statewide policy on acceptance of credit cards. ▪ Establish a policy for handling receipt of monies for receivables previously written off. The treatment of this should be consistent across the state. ▪ Allow agencies to deposit funds to other agencies special funds. (Example – individual agency receives funds that should have gone to OAG for debt referral collections.) ▪ Develop a standard methodology for handling deposit corrections such as forwarding checks to other agencies, and transferring funds. ▪ Develop a standard methodology for handling unidentified payments. ▪ Set tolerance level for small differences between receivable amount and payment amount. ▪ Manage cash cut-offs at month ends and fiscal year end. ▪ Set requirements for timeliness of reconciling and getting clearing account to a zero balance. ▪ Establish policy for handling proper recording of expenditure refunds vs. revenue on unpaid receivables. Any recorded expenditure refund receivables that are unpaid at year end, should be changed to revenue upon funds receipt in the new fiscal year. ▪ Develop consistent policies for handling of drawdown activities. ▪ Develop a new policy to split receivable for partial payments on IAT transactions between state agencies.
Organization/People Impacts:	<ul style="list-style-type: none"> • Changes to each agency’s individual funds receipt procedures will require staff retraining, particularly the funds receipt and accounts receivable staff. • Any centralization of scanning and imaging processes will cause the need for staff realignment. • Retraining or changes in duties of staff may require new job descriptions. • Staff realignment may be needed due to the reduction in manual cash application processes. • Any funds receipt process handled under a shared service center concept will require staff realignment.

FM05-1.6 – Process Thread Description – Funds Receipts	
Assumptions:	<ul style="list-style-type: none"> • All agencies will have the ability to use a clearing (suspense) account. • ERP shall perform limited AR bank reconciliation processing in order to initiate any bank deposit adjustment transactions within the AR module instead of GL. • Agencies that process AR in detail will process funds receipts at the individual AR level. • Funds receipt transactions originate in the ERP system and may be interfaced back to external billing systems. • Treasury budgets for and pays all fees associated with the state bank account such as wire transfer fees. These fees are not charged to the individual agencies. • Travel advances will be tracked and recorded by Accounts Payable. • No customized systematic bank confirmation process will be provided. COVA will use the functionality as provided by the software. • Forms of payments accepted by the state include by are not limited to the following: cash, check, wire transfers, EFT, IAT, Credit Card, ACH, EDI, Money Orders, Debit Card (although some agencies do treat as a credit card), and international cash. Additionally in the future internet payments should be accepted. • Funds Receipt process will allow for the handling of the following types of payments: customers, federal monies, grants, agency funds (not state funds), petty cash reimbursements, travel advance reimbursements, Local Government Investment Pool (LGIP) and Investment Interest, POS (point of sale) monies, vendor rebates (Ex. VITA receives cell phone fees for 911), and unclaimed property. • All agencies will record deposit information in ERP. • Cost Accounting is required to send to AR dollar amounts and other attributes sufficient to create a receivable for funds received when no prior receivable exists. • Cost Accounting needs to record all monies including advance payments and non-receivable amounts in order to record all activities. • The establishment of the new ERP and the implementation of a new chart of accounts will eliminate the conflict between agency codes and transaction codes using the same values (IAT issue). • The Department of Education (DOE) OMEGA system will already include IAT reimbursement processing prior to ERP Phase 1 implementation.
Access Methods:	<ul style="list-style-type: none"> • Web Browser
System Interfaces:	<ul style="list-style-type: none"> • Banks – electronic data feeds from banks to state agencies (lockboxes and credit cards) • Subsystems of the various Commonwealth agencies to exchange AR data for collection activities • Collection systems utilized by Commonwealth agencies and PCA collectors • Bank deposit reconciliation information to Treasury

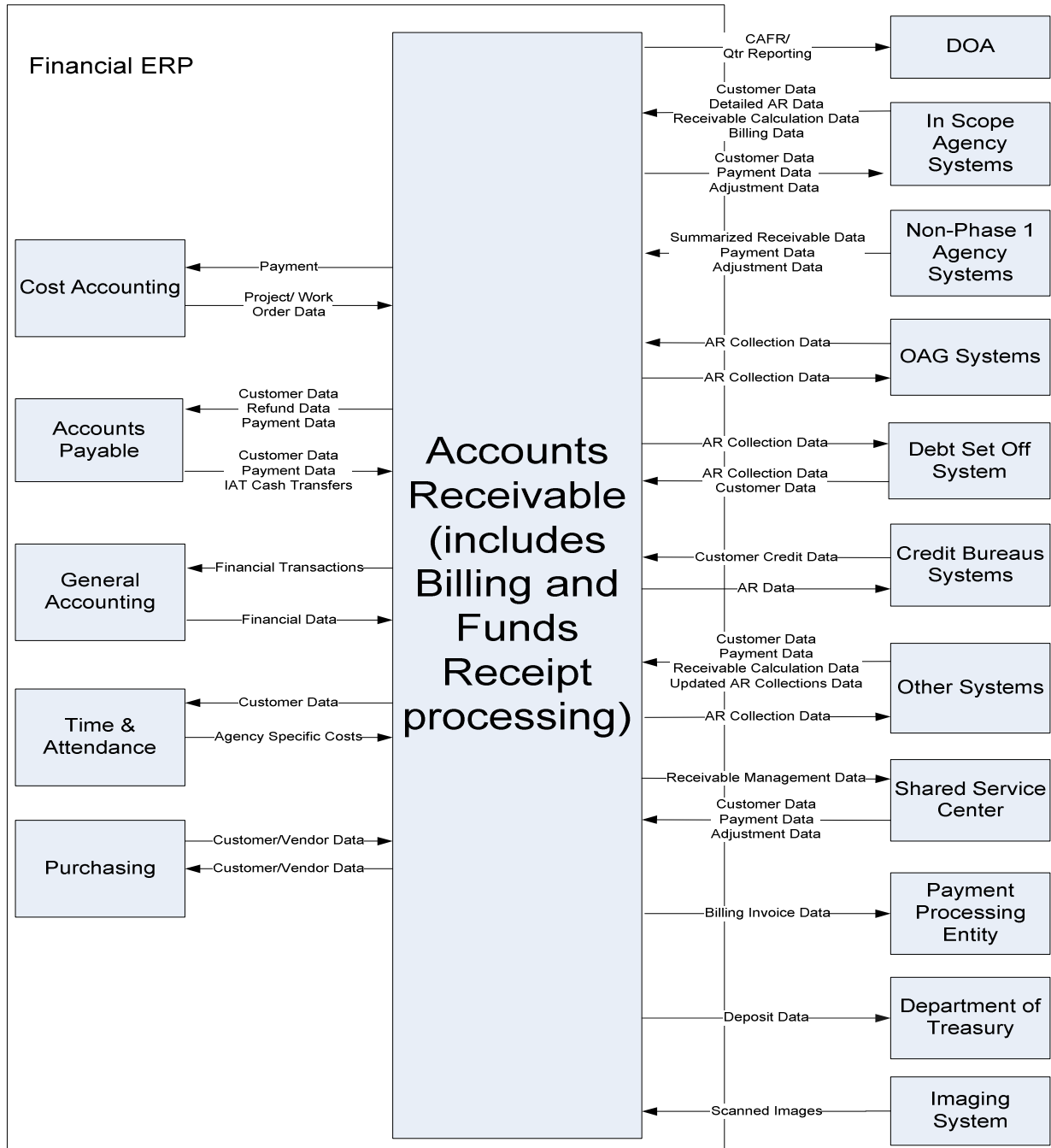
Process Details			
ID	Step	Description	Detailed Steps
1.6.1	Receive Funds	Receiving monies from customers.	<p>Step 1: Receive physical payment from customers (i.e. cash, checks).</p> <p>Step 2: Receive electronic payments from customers (i.e. lockbox, credit card, ACH, wire transfer.).</p> <p>Step 3: Receive Point-of-Sale (POS) payments from agencies with POS process.</p> <p>Step 4: Receive Federal payments.</p> <p>Step 5: Receive non-Receiveable payments.</p> <p>Step 6: Receive IAT payments.</p> <p>Step 7: Receive other miscellaneous payments.</p> <p>Step 8: Receive and capture non-payment information – remittance stubs, forms, other information included with payment.</p> <p>Step 9: Encoding of check performed by some agencies.</p> <p>Step 10: Make copies of all checks received prior to depositing to bank.</p>
1.6.2	Deposit Fund	Processing monies received for sending to bank.	<p>Step 1: Segregate deposits by payment type (cash, check, credit card, ACH, wire transfer, etc.) and by bank account code.</p> <p>Step 2: Prepare deposit tickets.</p> <p>Step 3: Send deposit to bank.</p>
1.6.3	Notify Treasury	Large Deposit Notification.	<p>Step 1: If deposit is greater than treasury threshold, send workflow notification to Treasury.</p>
1.6.4	Forward Deposit to Bank	Receiving Monies from State.	<p>Step 1: Receive deposit from agency.</p> <p>Step 2: Post deposit to state bank account.</p> <p>Step 3: Bank to provide agency with deposit receipt.</p> <p>Step 4: Send information to Treasury.</p> <p>Step 5: Notify Treasury/Agency of electronic deposits.</p>
1.6.5	Reconcile	Reconciliation between various parties.	<p>Step 1: Retrieve electronic bank statement information.</p> <p>Step 2: Retrieve credit card detail information.</p> <p>Step 2: Reconcile ERP to electronic information.</p> <p>Step 3: Resolve any differences.</p> <p>Step 4: Send treasury any adjustment transactions as needed.</p>
1.6.6	Record Revenue Accounting Entries	Creation of accounting entries related to Funds Receipt transactions.	<p>Step 1: Record identified non-AR receipts (non-customer/non-receivable payments, tax payments, grant payments and POS payments).</p> <p>Step 2: Send accounting entries to GL.</p> <p>Step 3: Reconcile AR to GL.</p>
1.6.7	Record to Clearing Account	Use of GL clearing account to separate function of depositing cash from applying cash to open receivables.	<p>Step 1: Identify all receivable payments and any unidentified other payments.</p> <p>Step 2: Post deposits.</p>
1.6.8	Process Automated Cash Application	Attempt to apply cash without agency personnel intervention.	<p>Step 1: System applies all identifiable payments.</p> <p>Step 2: System identifies any payments not fully applied.</p>

Process Details			
ID	Step	Description	Detailed Steps
1.6.9	Reestablish Receivable	Reestablish Receivables that were previously written off.	Step 1: Identify payment as related to previous written off receivable. Step 2: Reestablish receivable using an identifier that links new receivable to old receivable.
1.6.10	Apply on Customer's Account	Advance or Prepayments.	Step 1: Identify customer. Step 2: Verify no receivable exist. Step 3: Place payment on customer's account with an identifier to indicate advance or prepayment.
1.6.11	Apply to Receivable	Update Customer Account balances.	Step 1: Apply all remaining payments not applied by automated cash application process to open receivables or on account. Step 2: Redirect any payments not AR related to GL revenue entry.
1.6.12	Distribute Payment	Process for handling partial payments.	Step 1: Attempt to identify individual receivables related to payment. Step 2: Contact customer if possible to determine what bills are being paid. Step 3: Manually allocate remaining amounts based on agency rules.
1.6.13	Record Accounting Entries	Creation of accounting entries related to Funds Receipt transactions.	Step 1: Record funds receipt accounting entries. Step 2: Send accounting entries to General Ledger. Step 3: Reconcile AR to GL.
1.6.14	Perform End of Fiscal Year Processing	Execute year end accounting activities.	Step 1. Confirm all transactions have been processed. Step 2. Analysis of receivables for classification in the new FY for receipts as either revenue or expenditure refunds.

7. Data Flow Details

This section details the flows of data both in and out of the business process and will assist in identifying the new system's impact to existing systems and processes.

Exhibit 8 – FM05 Accounts Receivable – Data Flow Diagram



Data Flow Details			
Entity	Flow	Data Name	Description
Department of Accounts (DOA)	Out	CAFR/QTR Reporting	State Agencies with receivables report accounts receivable information on a quarterly and annual basis, including placement and collection information regarding PCAs and use of the OAG.
In-Scope Agency Systems	In	Customer Data	Receipt of new and modified customer data from external billing systems for creation and maintenance of customer records within ERP.
In-Scope Agency Systems	Out	Customer Data	Extract of customer data submitted to external billing systems for keeping customer files in sync with ERP.
In-Scope Agency Systems	In	Detail Receivable Data	Electronically submit detailed receivable transactions from external billing systems for recording receivable and/or producing billing invoices.
In-Scope Agency Systems	In	Receivable Calculation Data	Electronic submission of receivable data (i.e. units and quantity) for calculating receivable amounts and creating billing invoices such as inventory systems.
In-Scope Agency Systems	Out	Payments Data	Extract payment data and send to external billing systems. (Ex. In-house legacy billing systems that include balance forward information on printed bills need payment information to update balance forward.)
In-Scope Agency Systems	Out	Adjustment Data	Extract adjustment data and send to external billing systems. (Ex. In-house billing systems that include balance forward information on printed bills need payment information to update balance forward.)
In-Scope Agency Systems	Out	AR Data	Extract data for reporting through electronic mechanisms.

Data Flow Details			
Entity	Flow	Data Name	Description
In-Scope Agency System	In	Billing Data	Standard interface for receipt of billing data for the production of billing invoices.
Non-Phase 1 Agency Systems	In	Summarized Receivable Data	Electronically accept receivable and related data in enough detail to allow ERP to be able to perform Quarterly and CAFR reporting.
Non-Phase 1 Agency Systems	In	Payment Data	Electronically accept payment, and related data in enough detail to allow ERP to be able to perform Quarterly and CAFR reporting.
Non-Phase 1 Agency Systems	In	Adjustment Data	Electronically accept adjustment and related data in enough detail to allow ERP to be able to perform Quarterly and CAFR reporting.
Office of the Attorney General (OAG) Collections Systems	In	Updated AR Collection Data	Receive information back from OAG on cases, i.e. discharges, disputes or compromises to update accounts receivable information. (Link with CollectMax system.)
Office of the Attorney General (OAG) Collections Systems	Out	AR Collections Data	Case (with a balance greater than \$3,000) assigned to OAG for collections activity. Includes also discharges, disputes and compromises. (Link with CollectMax system.)
Debt Set Off System	In	Updated Collection AR Data	The Department of Taxation returns information about individual debts from the Debt Setoff process. The Comptroller returns information about vendor debts from the Debt Setoff process.
Debt Set Off System	In	Customer Data	Address information may be received from the Department of Taxation for used in updating customer records.

Data Flow Details			
Entity	Flow	Data Name	Description
Debt Set Off System	Out	AR Collection Data	The Department of Taxation receives individual delinquent debts for Debt Setoff against tax refunds. The Comptroller receives delinquent debts for Debt Setoff against vendor payments.
Credit Bureau Systems	In	Customer Credit Data	Receive data from credit bureaus to help determine customer credit worthiness.
Credit Bureau Systems	Out	AR Data	The credit bureaus receive debt information for reporting individuals credit histories. This data will include past due accounts, paid in full accounts, and payments.
Other Systems	In	Payment Data	Receive electronic payment data from banking institutions (i.e. from lockboxes, bank statements, credit cards), from internal Point-of-Sale (POS) process, from remittance bar code/scan lines, or other entities that have electronic payment information.
Other Systems	In	Customer Data	Some agencies such as DMV, Courts or localities can provide information on Customers to agencies to aid in collection activities. Also outside vendors such as USPS can provide updated customer address information and zip code validation.
Other Systems	In	Receivable Calculation Data	Submission of receivable data (i.e. units and quantity) for calculating receivable amounts for billing such as from contractors processing agency receivables.
Other Systems	In	Updated AR Collections Data	Receive electronic information on the results of delinquent account processing.
Other Systems	Out	Customer Data AR Data	Electronically submit delinquent account data to collection agencies.

Data Flow Details			
Entity	Flow	Data Name	Description
Other Systems	Out	Billing Invoice Data	The system shall provide the ability to generate an outbound interface to electronically submit billing data to a printing entity for centralized printing.
Shared Service Center (SSC)	Out	Receivable Management Data	Send various AR related data to the shared service center for receivable processing. Data that might be sent includes billing data to print bills (hard copy or electronic like IATs and FHWA transmission) and statements. Receivable data to be forwarded for additional collection activity or to PCAs for help with collections; dunning letters and other collection correspondence to be printed by service center. Any outbound printed correspondence would also be included in the imaging system for retention and research.
Shared Service Center (SSC)	In	Customer Data	Receive updates to customer information such as customer data updates, change of collection status, dunning letters sent and/or collection activities performed.
Shared Service Center (SSC)	In	Payment Data	Accept payment data from external systems to update receivable accounts.
Shared Service Center (SSC)	In	Adjustment Data	Accept adjustment data from external systems to update receivable accounts.
Payment Processing Entity	Out	Billing Invoice Data	Electronic invoices sent for payment processing. Federal Highway Administration, Health and US Department of Health and Human Services are examples of these entities. Each of these electronic formats may be different.

Data Flow Details			
Entity	Flow	Data Name	Description
Department of Treasury	Out	Deposit Data	Daily deposit data provided to Treasury for reconciliation purposes.
Imaging System	In	Imaged Documents	Imaged documents such as customer correspondence and payment documents are used for activities such as customer interaction, OAG inquiries, and PCA inquiries.

8. References

8.1 Information Sources

The documents that have been used as references to *Financial Management – Accounts Receivable* business process are as follows:

- Enterprise Business Architecture (EBA) Line of Business 438 Financial Management
- Virginia Enterprise Applications Architecture Initiative Section 3 Financial Management
- Due Diligence Deliverable Financial Management
 - Financial Management Multiple Choice Responses
 - Financial Management Selected Text Responses
 - Financial Management Tower Summary, Collections and Receivables
- Other State Requirements from Ohio, Tennessee, Iowa, Maine, and the Commonwealth of Massachusetts
- Virginia Department of Transportation (VDOT) Financial Management System (FMS) Upgrade Project Requirements
- Department of Accounts Fiscal Fundamentals Training Presentation: Accounts Receivable, Monies Owed to the Commonwealth
- Commonwealth Accounting Policies and Procedures (CAPP) Manual, Volume 1 – Policies and Procedures, 20000 General Accounting
 - 20200 Cash Receipts Accounting
 - 20205 Deposits
 - 20210 Bank and Cash Management Services
 - 20215 Investment of Funds
 - 20300 Cash Disbursements Accounting
 - 20325 Revenue Refunds
 - 20330 Petty Cash
 - 20350 Non-State Funds

- 20400 Inter- and Intra- Agency Transactions
 - 20405 Inter-Agency Transactions
 - 20410 Intra-Agency Transactions
- 20500 Accounts Receivable
 - 20505 Accounts Receivable
- 20900 Reconciliation Procedures
 - 20910 Suspense/Bank Deposit Reconciliation Procedures
- Comptroller's Report on Statewide Financial Management and Compliance (Quarterly Report), March 31, 2006
- Virginia Department of Planning & Budget (DPB) Website, Virginia's Budget, Frequently Asked Questions

8.2 Definitions, Acronyms and Abbreviations

The terms defined for the *Financial Management – Accounts Receivable* Future State Environment document are as follows:

Term	Definition
ACH	Automated Clearing House – A system of the U.S. Federal Reserve Bank that provides electronic funds transfer (EFT) between banks. It is used for all kinds of fund transfer transactions, including direct deposit of paychecks and monthly debits for routine payments to vendors. The ACH is separate and distinct from the various bank card networks that process credit card transactions. ACH operations are done in a batch mode, which can take up to 72 hours before the money is actually transmitted.
Adjustment	Includes changes or corrections made to receivable balances for amounts that have been determined not to be relevant or owed such as errors and reductions for damaged goods.
Advance Payment	Payment received for which no receivable exists. This can be for multiple reasons such as: <ul style="list-style-type: none"> • Payment received prior to goods or services being provided (i.e. advance rent payments), • Payment received prior to receivable creation for provided goods or services (i.e. estimated payments), and • Non-refunded overpayments kept in anticipation of a future receivable.
AP	Accounts Payable
AR or AR system	When referring to AR we are referring to all functions within the accounts receivable process including Billing and Funds Receipt functions.
Archive	Remove records from active database and store separately.

Term	Definition
ATV	Agency Transfer Voucher
Best Practice	Best practices are proven, documented techniques that deliver measurable performance improvements. Companies look to best practices to help them speed their progress toward performance improvement, and to guide them around pitfalls that might otherwise slow or even halt their initiatives.
Bill	Same as invoice.
Bill Format	Same as Bill Face. A printed or an electronic document given to a customer to identify monies owed.
CA	Cost Accounting business process
CAFR	Comprehensive Annual Financial Report
CAPP	Commonwealth Accounting Policies and Procedures Manual
CARS	Commonwealth Accounting and Reporting System, same as General Accounting or General Ledger
CDS	Comptroller's Debt Setoff
CGI	Consultants to Government and Industry
COTS	Custom off the Shelf
COVA	Commonwealth of Virginia
Check Conversion	Bank merchant service that reformats a paper check, into an Electronic Check. (See definition of Electronic Check below.)
CollectMax	Office of Attorney General Debt Collection division – Debt Case Management system
Deposit	The process of preparing the funds received and transmitting to the bank, i.e. cashiering.
DGS	Department of General Services
DHP	Department of Health Professions
DHR	Department of Historic Resources
DHRM	Department of Human Resource Management
DHS	US Department of Homeland Security
DMA	Department of Military Affairs
DMME	Department of Mines, Minerals and Energy
DMV	Division of Motor Vehicles
DOA	Department of Accounts
DOC	Department of Corrections
DOF	Department of Forestry





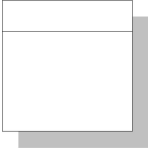
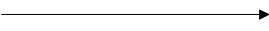
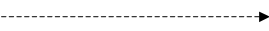



Term	Definition
DOL	US Department of Labor
DPB	Department of Planning and Budget
DSO	Days Sales Outstanding – This is a statistic tracked in the accounts receivable process. Sales represents the time of creation of the receivable. Another similar statistic is Days Bills Outstanding (DBO).
Discharge	Act of relieving a debtor of the obligation to repay amounts owed. Discharge can only be accomplished by compromise and settlement of disputes, claims, and controversies of the Commonwealth by the Office of the Attorney General as authorized by the Code of Virginia, Section 2.2-514, or by the Tax Commissioner, Virginia Employment Commission, State Corporation Commission, Courts of Law, or as otherwise provided by law.
Distrain	The seizure and holding of property as security for payment of a debt or satisfaction of a claim.
Dunning	Scheduled process of sending past due notices to customers.
EBA	Enterprise Business Architecture
EDI	Electronic Data Interchange – The electronic communication of business transaction, such as orders, confirmations and invoices, between organizations. Third parties provide EDI services that enable organizations with different equipment to connect.
EFT	Electronic Funds Transfer – Transfer of funds between accounts by electronic means rather than conventional paper-based payment methods, such as check writing. Any financial transaction originating from a telephone, electronic terminal, computer, or magnetic tape.
ERP	Enterprise Resource Planning
eVA	Virginia's Total e-Procurement Solution
Electronic Check	Electronic version of a paper check, including date, payee name, payment amount and signature.
Electronic Check Presentment	In check clearing, electronic transmission of the check writer's account number and other payment data directly to the paying bank.
FEMA	Federal Emergency Management
FHWA	Federal Highway Administration
FM	Financial Management

Term	Definition
Funds Receipt	The complete process of receiving and posting of monies received. This process includes cashiering activities.
GA	General Accounting
GL	General Ledger
HHS	US Department of Health and Human Services
IAT	Inter Agency Transfer
Imaging	Electronic storage of correspondence such as bills, dunning letters, letters from customers, check copies.
Inactive	As relates to customer data management, to prevent new receivable activity while allowing adjustments and payments to established receivables.
Internet Banking	Financial services accessed via the Internet's World Wide Web. An Internet bank exists only on the Internet, the global network of computer networks without any "brick and mortar" branch offices.
LGIP	Local Government Investment Pool
Lockbox	Cash management system whereby an organization's customers mail payments to a post office box near the organization's bank. The bank collects checks from the lock box-sometimes several times a day-deposits them to the account of the organization, and informs the organization by electronic methods of the deposit. This reduces processing float and puts cash to work more quickly.
NIMS	New Information Management System
Non-Phase 1 Agency	Non-Phase 1 refers to Phase 2 and permanently Out-of-Scope agencies.
NSF	Non-sufficient Funds – checks returned from bank as not deposited due to lack of money in payor bank account.
OAG	Office of Attorney General
OMEGA	Online Management of Education Grant Awards System
Out-of-Scope	Out-of-scope typically refers to what is excluded from a project. The VEAP is divided into phases. Out-of-scope for this document sets boundaries and means excluded from the ERP, during phase1 and subsequent phases.
Payment	Anything that reduces an accounts receivable balance or provides revenue.
PB	Performance Budgeting
PCA	Private Collection Agency


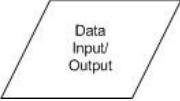
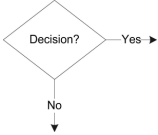


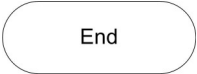
Term	Definition
POS	Point of Sale
Receipt	A document provided to the customer to show proof of payment.
Split payment	Payment covers more than one receivable type or item.
SOW	Statement of Work
SSC	Shared Service Center
Statement	An accumulation of multiple bills or a balance forward or open item listing of all outstanding amounts.
Suspense	Individual Bill transactions rejected by Federal Highway Administration (FHWA) that require corrective action in order to reprocess for payment by FHWA.
TA	Time and Attendance business process
TAX	Department of Taxation
TD	Department of Treasury
TELCO	Telecommunications System
Third Party	<p>A general term that refers to someone or an entity who are involved in a transaction but not a party to a contract, agreement, instrument, etc. between the Commonwealth and a debtor. Examples:</p> <ul style="list-style-type: none"> • Liability insurance companies paying for a responsible party's (debtor) damage to state property. • A Private Collection Agency or Shared Service Center contracted to collect debts on behalf of the Commonwealth.
Thread	Sub-business process within an overall process, i.e. Overall process = AR, Thread = Funds Receipt
Vacate	Legal process where a receivable did exist but the court ordered it to be treated as if it never existed.
VAACS	Virginia Autocount and CarCare System
VABS	Virginia Automated Benefit System
VEAA	Virginia Enterprise Application Architecture
VEAP	Virginia Enterprise Applications Program
VDEM	Virginia Department of Emergency Management
VDOT	Virginia Department of Transportation
VEC	Virginia Employment Commission
VITA	Virginia Information Technology Agency

Term	Definition
VWC	Virginia Worker's Compensation Commission
Web Page	Same as screen or panel
Workflow	Workflow is the movement of documents and/or tasks through a business process. Workflow is the organization, routing and notification of a defined event via a paper or electronic document trail within the Commonwealth and across agencies. A workflow event does not necessarily require approval or action.
Write-Off	A transaction that removes an account which management has determined to be uncollectible from an agency's financial accounting records. Writing off the debt for accounting purposes does not discharge the debt. The debt is still owed to the Commonwealth, but is no longer reported on the agency's books as a receivable.


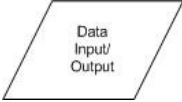

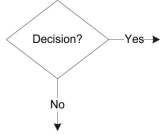



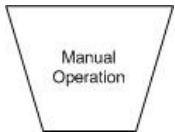
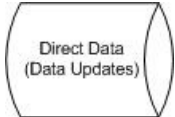
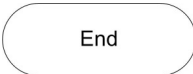
The definitions of the shapes used in the diagrams in Section 2 of the *Financial Management – Accounts Receivable* Future State Environment document are as follows:

Diagram Shape	Definition
	Server symbol represents a server or feeder system transmitting data to or receiving from the main system.
	Main System represents mainframes or the future ERP solution.
	User/Manual interaction symbol.
	Paper document symbol.
	Application symbol.
	Required function symbol.
	Optional function symbol.
	Use the group box symbol around multiple symbols to simplify and/or emphasize functions specific to a group i.e. in-scope/out-of-scope agencies.
	Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.
	Agency symbol is used to represent internal/external agencies or organizations involved in the process. It is unknown at this time if a system exists.



The definitions of the shapes used in the diagrams in Section 5 of the *Financial Management – Accounts Receivable* Future State Environment document are as follows:

Diagram Shape	Definition
	<p>Pre-defined Process symbol is used to represent the defined process threads.</p>
	<p>Data input/output symbol represents incoming or outgoing data.</p>
	<p>Decision symbol is used when the process requires a decision to proceed.</p>
	<p>Directional Arrow symbol is used to reflect flow from one symbol to the next.</p>
	<p>Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.</p>
	<p>End Symbol is used to end the process.</p>

The definitions of the shapes used in the diagrams in Section 6 of the *Financial Management – Accounts Receivable* Future State Environment document are as follows:

Diagram Shape	Definition
	Pre-defined Process symbol is used to represent the defined process threads.
	Data input/output symbol represents incoming or outgoing data.
	Process symbol is used to represent the process thread steps.
	Decision symbol is used when the process requires a decision to proceed.
	Directional Arrow symbol is used to reflect flow from one symbol to the next.
	Connector symbol is used to avoid crossing of lines and maintain flow going from left to right.
	Paper document symbol.
	Manual Operation symbol.
	Direct Data updates symbol.
	End Symbol is used to end the process.

The definitions of the shapes used in the diagrams in Section 7 of the *Financial Management – TALL* Future State Environment document are as follows:

Diagram Shape	Definition
	Entity symbol outside of the ERP represent external system interfaces. Entity symbol inside of the ERP represent interaction between internal modules.
	Directional Arrow symbol is used to reflect flow from one symbol to the next.

Appendix A – Product Requirements - Reference RFP Section 5